

South Devon Healthcare NHS Foundation Trust
Annual Report and Annual Accounts 2013/14

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

Annual Report and Annual Accounts 2013/2014

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 Communications Officer, South Devon Healthcare NHS Foundation Trust, Torbay Hospital, Torquay TQ2 7AA.

Laid before Parliament

This Annual Report 2013/14 has been produced to be laid before Parliament in July 2014, 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 Monitor's website.

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

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Contents

Strategic Report

Part I: Review of the year 8

Acting chair's statement 8

Interim chief executive's statement 9

The new NHS 10

About our trust 11

- At a glance - how 2013/14 shaped up...facts and figures 11

- Our values and the NHS constitution 12

- Our ambition 12

- Our vision 12

- Our priorities 12

- 2013/2014 – a year in headlines 13

- Library and information services 21

Part II: Quality 23

Introduction & statement of quality from the interim chief executive 23

Part III: Sustainability 24

Sustainability strategy 2011/2015 24

Greenhouse gas emissions 24

Waste 27

Water 28

Part IV: Valuing people 29

Staff wellbeing at work 29

2013 national NHS staff survey 30

Equality and diversity 34

Part V: Foundation trust membership 37

Part VI: Regulatory findings 38

Part VII: Local assurance 41

The NHS foundation trust - background 41

Our Council of Governors 42

Our directors' report 56

Our Board of Directors 56

Remuneration report (unaudited information) 65

Remuneration report (audited information) 68

Financial overview 72

Prospects 80

Required reporting 83

Statement of accounting officer's responsibilities 87

Annual governance statement 88

Further information and contact details 100

Appendices 103

Appendix one – Quality report for 2013/14

Appendix two – Independent auditors' limited assurance report to the Council of Governors of South Devon Healthcare NHS Foundation Trust on the annual quality report

Annual accounts 2013/14 173

Strategic report

Part I: Review of the year

Acting Chair's statement

David Allen, OBE

I have spent over two years as a non-executive director at South Devon Healthcare NHS Foundation Trust and during that time have been hugely impressed by the dedication, professionalism and compassion of the 4,000 staff who work here. We have a track record of excellent patient outcomes and service innovation. This hospital is a lynchpin within an extremely well-respected healthcare community.

For these reasons, I was delighted to accept the role of vice-chair and acting chair during a particularly challenging time for our hospital.

The role of chair became vacant when Peter Hildrew resigned, following a case taken to employment tribunal by two former employees. The case was related to administrative recruitment procedures and had no bearing on patient services or care. It centred on whistleblowing allegations about the behaviour of senior executives involved in the recruitment to one role. The panel found against our trust and the presiding judge was highly critical in his commentary. Peter Hildrew did not accept the tribunal's findings, but in light of the criticism, decided that the right course of action was for him to resign. I believe that in doing so, he wished to protect the reputation and best interests of this hospital. We are grateful for his contribution over the previous decade: he was instrumental in establishing our national reputation for delivering high-quality, compassionate, cost-effective and innovative healthcare.

The trust board and I take the issues arising from the employment tribunal very seriously. We are in the process of investigating concerns raised and will report publicly in due course. In the meantime, my priorities are patients first and always, restoring the excellent reputation of our trust and progressing our plans with Torbay and Southern Devon Health and Care NHS Trust to integrate health and social care services for local people.

This is a challenging but exciting time to be involved with the NHS as we are tasked with providing ever-more and ever-better services with less money. I believe South Devon Healthcare is well-placed to continue to succeed in the new world of the NHS. We are continuing to pursue our person-centred approach and have exciting plans to merge with Torbay and Southern Devon Health and Care NHS Trust to create an integrated care organisation. This will deliver service improvement and better value for money. We are continuing to put the patient experience at the heart of all we do and invest in developing our services and our facilities. Finally, we are not afraid to engage with the commercial world and have this year invested significantly in our growing pharmaceutical arm: Torbay Pharmaceuticals will move to its new premises in the summer of 2014.

I am proud to be playing a part in shaping the future of our local NHS.

Interim Chief Executive's statement

Dr John Lowes

I was involved as medical director in many of the developments described in this annual report. I now feel hugely privileged to take on the role of interim chief executive, as we progress our plans for integration across the Torbay and South Devon health community.

We have done a lot of work during the past year to implement the learning arising from the Francis inquiry and report into failings at Mid Staffordshire NHS Foundation Trust, and from subsequent reports into quality and patient safety by Don Berwick and Sir Bruce Keogh. As a doctor, I know from what I see in my clinical practice that our staff genuinely care about our patients. We all work to deliver the safest, best and most compassionate care we possibly can, within circumstances that are often less than ideal. I would like to place on public record my thanks to all our staff for their contributions over the past year. Whether it's in the frontline of healthcare or support services, all our staff have a part to play in delivering the best possible outcomes for our patients. That is what drives us all.

We managed once again, and despite the ever-increasing financial challenges, to end the year within budget. This is a significant achievement as we continue to see an increase in the number of very sick people admitted to hospital with multiple problems.

In particular we have struggled to keep pace with the number of patients coming to accident and emergency (A&E). For this reason, one of my priorities is to improve the patient experience in our emergency department. This means taking a look at the whole system and asking: how we can do things differently and whether we can look after people more appropriately in different care settings.

Don Redding, Policy Director at National Voices, said we should be asking not 'What's the matter with you?' but rather 'What matters to you?'. We must focus on people's priorities for their daily lives and help them achieve their health and wellbeing goals. The way to do this is by better integrating services to make sure we deliver care tailored around individuals' needs. For this reason, delivering the full business case for our planned integrated care organisation is my other main priority.

I know the financial pressures will continue as the NHS is tasked with continuing to deliver year-on-year budget reductions. Whilst we will always look for efficiencies, the only way we can deliver the savings required in future is to do things differently – and by working in partnership across organisational boundaries. We will rely more than ever before on support from the voluntary sector. We are extremely fortunate to have the support of a very active and committed league of friends, and valuable input from our members and governors.

I will work with you all to make sure that this hospital continues to build on its success and thrives in 2014/15.

The new NHS

The Health and Social Care Act introduced the most significant period of change for the NHS in its history. Changes that came into effect in April 2013 include:

- **NHS England**

This is a new national body, with regional offices and local area teams. One of its roles is to commission services that are carried out in specialist regional centres, rather than in every district hospital. An example of this is children's heart surgery, which is carried out in Bristol for our area. NHS England also commissions GP services.

- **Health and wellbeing boards**

These new boards are hosted by local authorities. They provide a forum for the NHS, public health, adult social care and children's services, elected councillors and Healthwatch representatives to come together and plan how best to meet the needs of their local population.

- **Clinical Commissioning Groups (CCGs)**

Every GP practice in England now belongs to a CCG which is responsible for commissioning the majority of health services for local people, including emergency care, planned hospital care, maternity services, and community and mental health services. This means that GPs are at the heart of prioritising how NHS funds should be spent in their local area. CCGs also have representatives from nursing, hospital doctors and the public on their governing bodies.

- **Public health**

There is a renewed focus on public health as part of the government's commitment to improving the health of the poorest fastest. This covers issues such as healthy eating, stopping smoking, teenage pregnancy and alcohol / substance addition. Local councils are now the main commissioners of public health services, supported by a new organisation called Public Health England. The NHS has a vital role to play in delivery of public health service and has a much bigger focus on promoting health and wellbeing, rather than just treating illness.

- **Healthwatch**

This is an 'independent watchdog' set up to give patients a channel for providing feedback on NHS services, and to create a new consultation channel for NHS organisations when planning changes to services. Our patients can contact Healthwatch Torbay and Healthwatch Devon.

About our trust

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

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

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

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

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

At a glance - how 2013/14 shaped up...facts and figures

	Previous year (2012/13)	This year (2013/14)
Total revenues	£231,295,000	£240,989,000
Trust funded Capital Expenditure	£16,761,000	£30,956,000
Total expenses (including PDC*)	£229,018,000	£242,538,000
Pay expenditure (excluding capitalised costs)	£141,021,000	£146,881,000
Non-pay expenditure (including depreciation and PDC)	£87,997,000	£95,657,000
How much we spend per day (excluding depreciation)	£649,000	£718,000
Worked FTE*	3,472	3,647
Staff numbers headcount	4,057	4,131

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

Our values and the NHS Constitution

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

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

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

We are committed to providing joined up health and social care for the people we serve. This will enable us to deliver tailored, patient-focused services in the right place and at the right time. We believe that integration will enable us to continue to deliver high-quality, safe, cost-effective and sustainable services.

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

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

Our priorities

Our strategy is to pursue the integration of services, initially through the planned merger with Torbay and Southern Devon Health and Care NHS Trust. Together, we will create a new integrated care organisation (ICO) that brings together acute, community health and adult social care services. We are planning to present a final business case for this merger to the sector regulator for health services in England (Monitor), no later than October 2014.

Our community, like all others, faces a severe demographic challenge. Demand for care is expected to increase by two to three per cent per annum, and is compounded by the complexity of caring for an increasingly elderly population, presenting with multiple diagnoses and living for many years with often numerous long-term conditions.

The ICO will take a person-centred approach to develop new clinical models of care for our population. Our initial priorities will be services for older people, long-term conditions, alcohol and substance misuse, and transitions of care as children progress through to adult services. We expect more services to be provided locally in the community, with hospital services reducing and becoming more specialist. To achieve this, we will work more closely with local care providers and the voluntary sector to support a vibrant and resilient community of providers.

In the new ICO we will see:

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

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

2013/2014 – a year in headlines

April 2013

New: Torbay health science café

Torbay health science café launched in April 2013, offering a monthly series of free, informal discussions for small groups of local people. This follows the international science café model, which uses public spaces such as cafés, theatres and bars to share scientific knowledge with the public.

Thought to be the first hospital to adopt this model, we won a national innovation award in January 2014.

Library manager Helen Wharam instigated the idea, to invite local people onto the hospital site at times other than medical need, to help make the hospital part of our community at all times, and to give local members of public a chance to hear first-hand about current healthcare issues.

At our first café we discussed compassion in healthcare, which became a major theme for the NHS following the Francis Inquiry into failings at Mid Staffordshire NHS Foundation Trust. Subsequent discussions have ranged from dementia awareness, to antibiotics resistance, to diabetes research, to innovating our healthcare.

Further details at: <http://www.sdhl.nhs.uk/cafe.html>

Celebrities endorse iLIVEiGIVE

International rock band, the Red Hot Chili Peppers and diving superstar Tom Daley are just two of the celebrities who gave their backing to the iLIVEiGIVE organ donation campaign. Started by Torbay Hospital's Organ Donation Committee, the campaign aims to encourage people to sign up for organ donation and discuss the issue with their loved ones. Campaign t-shirts were used to spread the message via social media, with people posting images on Facebook and Twitter of themselves wearing the t-shirts whilst going about their normal lives.

Many other trusts in the South West are also now adopting the campaign which focusses on encouraging people to celebrate how great life is, whilst at the same time inspiring people to think that if something happens to them, they could give the gift of life to many more people.

Thumbs up for Torbay Hospital from the CQC

Patients at Torbay Hospital receive consistently good care and treatment, according to a national patient survey by the Care Quality Commission (CQC) published this month.

South Devon Healthcare NHS Foundation Trust, which runs Torbay Hospital, performed well across most areas particularly for the care and compassion shown by the hospital's doctors and nurses and for cleanliness.

The survey also highlighted areas in which the hospital could improve including detailed explanations to patients about how they may feel following an operation and discharging patients with supporting information such as leaflets. The trust used this feedback to develop improvement plans for these areas.

May 2013

Medics from Kenya visit Torbay Hospital

A party of four healthcare professionals from Nanyuki Hospital in Kenya visited Torbay Hospital to share learning and expertise.

The relationship between Torbay and Nanyuki was started in 2008 by a GP trainee at Torbay Hospital, Dr Lucy Obolensky, who had undertaken charitable work in Kenya for over 15 years.

Since then the trust has led several orthopaedic projects to Nanyuki and other hospitals, taking teams of NHS staff giving their own time, including surgeons, anaesthetists, radiographers, operating department practitioners, scrub nurses and medical students.

Recent projects include helping Nanyuki to establish an Emergency Department, delivering educational courses to improve the care of patients before and after surgery, and education in the community to raise awareness of the causes of injury, how to prevent it, and basic first aid skills when transferring people to hospital.

Celebrating Equality

Torbay Hospital hosted a range of activities as part of the second NHS Equality, Diversity and Human Rights week, which ran from 13th to 17th May across the country.

The week, organised by the NHS Employers organisation, shines a light on the ongoing work across the NHS to meet the diverse needs of local populations and to be a place where staff from all backgrounds will want to work.

Our contributions to the week included:

- a campaign to help turn the vision of a personal, fair and diverse (PFD) NHS into a reality by creating a network of champions who are committed to taking some action, however small, to help create a personal fair and diverse workforce.
- an introductory session for staff to find out more about our six-week English language and cultural awareness course. This course is for all staff who are interested in learning about the different cultures of their fellow colleagues and it aims to promote understanding and increase English communication, particularly in the context of healthcare and the NHS.
- Redesigning the quiet room in the hospital to be more welcoming to and inclusive of all staff and public.

Jubilee Research Unit launched

We chose International Clinical Trials Day for the official launch of Torbay Hospital's Jubilee Research Unit.

Local patients involved in voluntary clinical research trials for a range of conditions and diseases were guests of honour and, along with staff and members of the public, had the opportunity to take a tour of the unit.

Patient, Alan Belcher, said: "I had heart surgery in the past and being on the trial gives me extra peace of mind as it involves even more regular blood checks, electrocardiograms (ECGs) and consultations than I would normally have had, plus an annual meeting about the trial. My direct nurse, Mary, has been brilliant. I have no idea whether I'm on a placebo or the real thing. It's all so easy, just one additional injection every day."

Research is conducted across a range of disease areas at the unit and all of the trust's clinical research teams have access to the facility. Facilities include a four-bedded bay, a two-bedded bay, two consulting rooms, a waiting room and shared kitchen, a nurse base with workspace and office facilities for researchers.

Thanks to our volunteers!

With our partners, Torbay and Southern Devon Health and Care NHS Trust we held a tea party in a local hotel to say a special thank you to all the volunteers, who give up their time to help make a difference for patients.

More than 800 people volunteer across the two trusts, many working on site at Torbay Hospital and within the 11 community hospitals run by Torbay and Southern Devon Health and Care NHS Trust.

The latest role for volunteers at Torbay Hospital is acting as mealtime companions to help improve patient nutrition by actively encouraging or enabling patients to eat in a calm and sociable atmosphere. Other roles include:

- helping out as walk leaders on the Bay Walks scheme, a programme of regularly led walks in Torquay, Paignton and Brixham
- a patients' meet and greet service
- health trainer champions
- Breast Care Friends, who provide much needed support to women undergoing breast reconstruction following cancer treatment.

Summer heatwave

As most people basked in one of the best British summers for years, NHS staff were gearing up for an extra busy time as the NHS was put on heatwave alert.

Health and social care workers in the community, hospitals and care homes were carrying out extra checks on vulnerable patients, making sure that room temperatures were set below 26 degrees, and that patients had access to cold water and ice.

Dr Jenny Harries, Regional Director, South of England said: "While many people enjoy hot weather, high temperatures can be dangerous, especially for people who may be

particularly vulnerable such as older people, young children and those with serious illnesses.

"Everyone can enjoy the sun safely by keeping out of the heat at the hottest time of the day, avoiding sunburn and staying hydrated with plenty of cool drinks. The elderly and those with long-term illnesses are particularly vulnerable to the effects of very hot weather, so it's important to look out for them and keep indoor areas as cool as possible."

Torbay MP promotes lifesaving screening

Adrian Sanders, MP for Torbay, marked the NHS's 65th birthday by visiting the Exeter and South Devon Abdominal Aortic Aneurysm (AAA) Screening Programme, based at Torbay Hospital, to meet men who have benefited from screening and help raise awareness of the service.

Around 5,000 people, most of them older men, die in England and Wales every year from abdominal aortic aneurysms, which are formed when the main blood vessel in the body weakens and expands. The NHS AAA Screening Programme aims to prevent around half of those deaths and is now available to all men aged 65 and over in Devon and throughout England.

In 2009, the Exeter and South Devon AAA Screening Programme was one of the first in the country to implement the national programme. Since then under this local programme, approximately 50 men have had successful surgery to repair potentially fatal aneurysms.

The local programme invites men for screening during the year they turn 65, while men over 65 who have not already been screened can arrange an appointment by calling 01803 655441.

August 2013

'One-stop shop' clinics

Following a successful pilot at Newton Abbot Hospital, we are continuing to run one-stop clinics for Multiple Sclerosis (MS) patients in the community.

The pilot scheme provided patients with access to a consultant neurologist, a specialist MS nurse and neuro-physiotherapist. The pilot replicated the one stop shop clinics already running at Torbay Hospital and enabled patients to be seen in the community by the professionals most relevant to their care at one appointment. The one stop style clinic reduces the need for multiple appointments and avoids any delay in care.

Dr Jason Ramtahal, Consultant Neurologist at South Devon Healthcare NHS Foundation Trust said: "These clinics bring care closer to home, reduce patient travel costs and reduce the number of missed appointments.

Suzanne Raphael from Newton Abbot who was diagnosed with MS in 2000 and used the community clinic during in the pilot said: "Being able to go to a clinic closer to home when I didn't feel my best and see everyone I needed in one place was excellent. It was very convenient and gave me access to a specialist service on my doorstep."

Hiblio launched

Public information for health matters has jumped into the digital age - thanks to original thinking at Torbay Hospital. Hiblio is a revolutionary bank of films giving expert insight and advice about hundreds of health and care issues. The brainchild of Paul Norrish, Head of

Digital Education, at Torbay Hospital, Hiblio was the result of a flash of inspiration after Paul's father was diagnosed with diabetes.

Paul said: "When my dad was diagnosed, he had very little information and ended up looking on YouTube for more facts. YouTube obviously has many benefits, but a large number of its health videos are not official - they're not endorsed by authoritative health organisations. That is where Hiblio comes in.

"Hiblio is about supporting better health and care. What we are doing is putting trusted health films to a single location. The films have all been made by experts, providing the best information to the public, patients and clinicians."

The videos cover a wide range of health issues - including dementia, pregnancy, health living and nutrition - and the range is widening all the time. People can also get advice about how to relieve symptoms associated with specific conditions such as diabetes and psoriasis.

To find out more about Hiblio and see the range of health information on hand, visit www.hiblio.tv or follow [@hiblio](https://twitter.com/hiblio) on Twitter.

Thank you to our League of Friends

One of our biggest supporters is the League of Friends, whose members raise funds to support Torbay Hospital. A generous donation of just over £6,500 from the Torbay Hospital League of Friends enabled the maternity department to buy five portable breast pumps and five smaller hand held pumps to help new mums express their milk.

The pumps are used to help mothers who have might have difficulty in breastfeeding and need help to stimulate their milk supply, or those whose babies are receiving special care and not able to feed on their own yet. In some circumstances they are also used to help mums who are perhaps coming in for surgery and unable to feed naturally for a while.

Around 76 per cent of women choose to breastfeed their babies. Breast milk gives babies all the nutrients they need for the first six months of life and helps protect them from health problems such as ear, chest and urine infections, eczema, obesity and asthma. It also reduces mums' chances of getting certain diseases later in life, including ovarian and breast cancer, as well as weak bones.

September 2013

Annual Members Meeting & Showcase Event

We combined our annual general meeting on Friday 27th September with an open event for people living in South Devon to showcase what Torbay Hospital has achieved in the past year. Visitors had the opportunity to meet with staff, Leagues of Friends representatives, members and governors as well as viewing displays about some of the services the hospital provides.

Rotary iPads help in stroke recovery

Torquay Rotary Club donated three iPads, with several iTunes vouchers for therapy apps, to help with speech and language therapy for stroke patients.

The donation is helping patients with dysphasia, a persistent communication impairment caused by stroke. Dysphasia is an acquired communication difficulty which includes the breakdown or interruption of communication. The condition can affect the patient's ability

to understand what is being said and also their ability to speak. Many people also experience problems with reading and writing.

The iPads are used as communication aids to support the user in conversations, or as therapy tools to practise specific skills. The touch screen system makes them much easier to use than a traditional mouse and keyboard.

October 2013

Speedier recovery

Staff at Torbay Hospital produced a short video to support a pioneering new approach to improving patients' experience of being in hospital and the time it takes for them to recover.

The approach is called enhanced recovery in medicine and although enhanced recovery is widely used across the world for surgical patients, Torbay Hospital is leading the way with using this method for patients admitted as a medical emergency.

The new video explains the simple things patients can do while in hospital to help them leave safely and at the right time:

- drinking plenty of fluids and energy drinks to keep hydrated and boost calorie intake;
- getting dressed in day clothes rather than nightwear to maintain dignity and regain independence;
- moving around to prevent muscles weakening through lack of use;
- being involved in plans to ensure everything is in place for going home; and
- discussing prescribed medication with the pharmacy team to ensure they get the optimum benefit from the drugs.

November 2013

Pioneers for joined-up care

After a nationwide contest, South Devon and Torbay was selected from over 100 entries as one of only 14 sites to become a Pioneer site for integration.

People in South Devon and Torbay will see a radical transformation of their care system, as the local health community takes forward its work to deliver joined up care that is really well co-ordinated around each individual. The plan is that all people will experience seamless care even when they need a whole range of different services from different providers. They will also have more control over their care and treatment.

The healthcare community has appointed one of its existing staff members, Louise Hardy, as Director of Transformation and Pioneer to lead the work across the whole South Devon and Torbay area.

Junior doctors rate Torbay as best of the best

For the second time in three years the South West Peninsula Foundation School was ranked as first in the UK for overall satisfaction for foundation training doctors, with Torbay Hospital being the highest ranked trust within the Peninsula.

Access to educational resources scored particularly highly in Torbay Hospital's survey, thanks to the investment in state-of-the-art educational facilities at the Horizon Centre. Other General Medical Council (GMC) areas in which the trust performed highly were induction, clinical supervision and experience.

The visiting team described the achievements of Torbay as 'exceptional'. They thanked the Medical Education Team at Torbay for all their hard work and engagement with the quality assurance programme, and for providing such a high level of postgraduate training for their trainee doctors.

December 2013

'Outstanding' hospital nursery

Children and staff at Torbay Hospital's Rainbow Day Nursery celebrated achieving an overall rating of 'outstanding' in a recent Ofsted inspection.

The nursery, which is for the children of staff who work across the health community in South Devon, provides care for up to 70 children from three months up to five years old. Nursery staff also run a holiday club for those up to 11 years old.

The inspection was carried out at the end of August, under the vigorous guidelines of the government's new Early Years Framework. It looked into three essential areas:

- how well the needs of the children are met
- the contribution to the provision of children's wellbeing
- the effectiveness of the leadership and management.

Ofsted's conclusion was that Rainbow Day Nursery is 'outstanding' in all aspects.

Panto cheer for children's ward

Children on Torbay Hospital's Louisa Cary Ward were entertained on Friday 13 December with a unique performance of Sleeping Beauty staged by the Starlight Children's Foundation - a national charity that provides entertainment in hospitals and hospices and grants wishes for seriously and terminally ill children.

The panto's four actors danced, dazzled and sang for the young patients, their families and the staff. Every year, Starlight provides entertainment and distraction to over half a million poorly children and Starlight's Christmas panto gives thousands of poorly children the chance to shout "He's behind you!" from the safety of the hospital ward.

January 2014

WOW for staff!

We signed up to a national awards scheme which recognises exceptional customer service: the WOW! awards. Patients and visitors can nominate staff for WOW! Awards if they have been particularly impressed with the care or service they have received. All nominations are reviewed on a monthly basis by the national WOW! Awards team and signed certificates are presented to winners.

In the first couple of months alone, 140 nominations were received and 113 individuals or teams were recognised for providing an outstanding service. Recipients of the awards included catering staff, nurses, physiotherapists, maintenance workers and doctors.

Chairman resigns

Peter Hildrew, chairman of South Devon Healthcare NHS Foundation Trust resigned following a challenging employment tribunal case and the subsequent release of a critical judgement by the Exeter Employment Tribunal.

The employment tribunal centred around whistleblowing allegations following concerns about whether trust executives had followed recruitment procedures properly in a particular case. There was no bearing on hospital services, patient care or safety and patients were reassured that they continued to receive the same high quality, safe and compassionate care as before.

Peter Hildrew commented: "It has been a privilege to serve as chairman of South Devon Healthcare and I am proud of all that the trust has achieved during my six years in office. I wish the trust and its staff every success in continuing to deliver excellent services to our local community."

February 2014

Acting chair appointed

David Allen, OBE, was appointed as vice-chair and acting chair whilst the trust commenced the recruitment process to appoint a substantive successor to Peter Hildrew.

Until April 2013, David was registrar and deputy chief executive of the University of Exeter and previously held similar appointments at Nottingham and Birmingham universities. He has over 30 years' experience of working in partnership with the NHS and had been a non-executive director at Torbay for almost two years. He lives in Newton Abbot with his wife and three sons and has two daughters working in London.

David said: "It is a great privilege to be asked to act as Chair of this trust. Our superb staff work tirelessly for our patients and I am immensely proud of them. Our patients deserve the very best care and that is what we work to deliver."

Positive staff survey

The national 2013 NHS Staff Survey results showed that our staff rated the trust in the best 20 per cent of acute trusts in England in more than half of the survey's categories.

Further details can be found on page 30.

March 2014

NHS staff pledge to make their change

NHS staff working at Torbay Hospital and within the community throughout Torbay and South Devon made their pledge to change one thing, as part of national NHS Change Day.

The aim of the day was to encourage health and social care staff to make a pledge to change one thing that would improve patient care. All staff were asked to make their pledge either online or by visiting one of the sites where a pledge tree was based. This included Torbay Hospital's Bayview restaurant and Newton Abbot Community Hospital. The aim nationally was to get over 500,000 pledges from NHS staff.

This year local NHS staff made over 280 pledges, some of the pledges made included staff pledging to:

- put the patient at the heart of what we do every day;
- ensuring that well-being at work is on the agenda at every team meeting
- to smile at everyone I meet in the corridor
- offer lunchtime readings to elderly patients on Cheetham Hill Ward
- to understand what other teams do, and what challenges they face, so I can try and help them.

All of the pledges have been shared with the national organisers of NHS change day.

Patients join in Worldwide Afternoon Tea

Patients at Torbay Hospital became part of an international event when they were treated to a cream tea to celebrate Nutrition and Hydration Week 2014's Worldwide Afternoon Tea.

Torbay Hospital staff and volunteers decorated ward day rooms with bunting and balloons and brought out china cups, saucers and cake stands. Extra volunteers came in on the day to help out with serving the 850 scones, freshly baked early that morning by the catering team.

Nutrition and hydration week aims to create a global focus on nutrition and hydration as an important part of quality care in health and social care settings. Approximately one in three people who are admitted to UK hospitals and care homes are found to be malnourished or at risk of malnourishment.

Torbay Hospital runs a mealtime companions scheme which aims to improve patient nutrition by actively encouraging patients to eat in a calm but sociable atmosphere.

Library and information services

Library and information services are provided for all health and care staff across South Devon. Monitoring shows performance is above the national average, and the team has been awarded a national prize for innovation within this period.

Highlights in 2013/14 show contributions to the trust's wider agenda by:

- supporting patient care through providing outreach activities taking library and information services to community staff in hospitals across South Devon;
- promoting evidence-based practice by delivering information-skills training at community hospitals across South Devon;
- establishing monthly suites of informal 'bite sized' information-skills sessions aimed at clinical and non-clinical staff, delivered in the library;
- contributing to the trust's shared-decision-making CQUIN by creating and maintaining a resources webpage;
- providing 778 welcome sessions to the library and information services throughout the year, to individuals ranging from trainee doctors, medical and nursing students to bank staff;
- promoting safe internet searching techniques to find health information during an interview on BBC Radio Devon;
- delivering a pilot session on finding safe health information to eight members of the public and collaborating with Torquay public library's manager for this event
- facilitating the pain management team to pilot a national books on prescription scheme; and
- planning and delivering all aspects of a consumer-health-information event for South West NHS library staff and others, in Taunton in June.

Improvements to the Services in 2013/14 have included:

- piloting extended opening hours from January by remaining staffed until 8pm on Wednesdays;
- piloting delivery of live training webinars to the desktops of Torbay and South Devon Health and Care NHS Trust, CCG and Devon Partnership Trust staff; and
- increasing the support offered for research and development activities by hosting regular drop-in research surgeries staffed by the research design service.

Coming soon in 2014/15:

- working with teaching colleagues to plan information skills training to support new Level 4 health and social care group starting in April 2014;
- working with colleagues to introduce information-skills to critical care nursing at the outset of their course, for new cohort starting April 2014; and
- working with clinical colleagues to support updated clinical induction programme starting May 2014.

Part II: Quality

Introduction & statement of quality from the Interim Chief Executive

We focus on providing safe, high quality services so that our patients, staff and public experience the best possible care from South Devon Healthcare NHS Foundation Trust.

As a practising consultant gastroenterologist with over 20 years' experience at Torbay Hospital, I am passionate about improving the quality of care for our local population and believe that the development of an integrated health and care system for South Devon and Torbay is essential to deliver this.



In 2013/14 we secured 'pioneer' status. This means the government has approved our health and care community as a national pilot for developing ground-breaking integrated services. One of the immediate priorities for our trust is to merge with Torbay and Southern Devon Health and Care NHS Trust to develop a single integrated care organisation. Our shared ambition is to provide the most streamlined and person-centred care in the country. Whether the issue is people moving between different health and care services, the standard of hospital food, nursing care or providing life-saving surgery, we believe our patients, families and carers deserve the very best quality services.

This quality report sets out progress against our quality improvement targets for 2013/14 and takes a look ahead to our priorities for the coming year. We do not set these targets in isolation: they reflect local, regional and national priorities and the feedback we receive from our patients and their representatives, staff and commissioners.

Our approach has always been to work with our partners to deliver quality improvement. For example, reducing the incidence of pressure ulcers in hospital was a priority for us last year. We will continue to progress this work in 2014/15, and are working with our colleagues in the community to target pressure ulcers acquired at home or in care homes. This joined-up approach to quality is vital if we are to continue to improve services and really achieve transformational change.

We know that 2014/15 will be a challenging year and we are already thinking of new ways to meet the challenges ahead. One of the most exciting projects for us in the coming months is the development of the new Horizon Institute. This new initiative brings together our knowledge, skills and expertise in quality improvement and innovation.

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

A blue ink signature of Dr John Lowes, written in a cursive style.

Dr John Lowes
Interim Chief Executive

For the trust's quality report please see pages 103 to 170.

Part III: Sustainability

Sustainability strategy 2011/2015

South Devon Healthcare NHS Foundation Trust continues to develop a strong working partnership with Torbay Council to propagate sustainable strategies that link business activities, such as travel to and from work, business car use and car sharing. Further bike to work schemes have been launched and are fully supported on site with additional secure bike storage and changing facilities for those who choose to cycle to work.

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

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

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

Recycling too has an important place and by working in partnership with Torbay Council, we aim not only to reduce landfill waste through recycling, but to support the council in meeting its key targets.

We have further instigated additional recycling containers and continue to monitor performance of our recycling levels through stringent key performance indicators (KPI's) that are reported at board level.

Greenhouse gas emissions

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

During 2013/14, we undertook an evaluation of our existing building management system, a software system that supports more efficient use of energy through monitoring temperatures and switching plant on and off when appropriate.

The trust is constantly reviewing and updating its sustainability strategy to reflect the ever-changing landscape of use and reduction. Conclusion of the national energy negotiations has made sure that utilities are purchased at the most competitive thereby releasing further funds for reinvestment into the sustainability agenda.

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

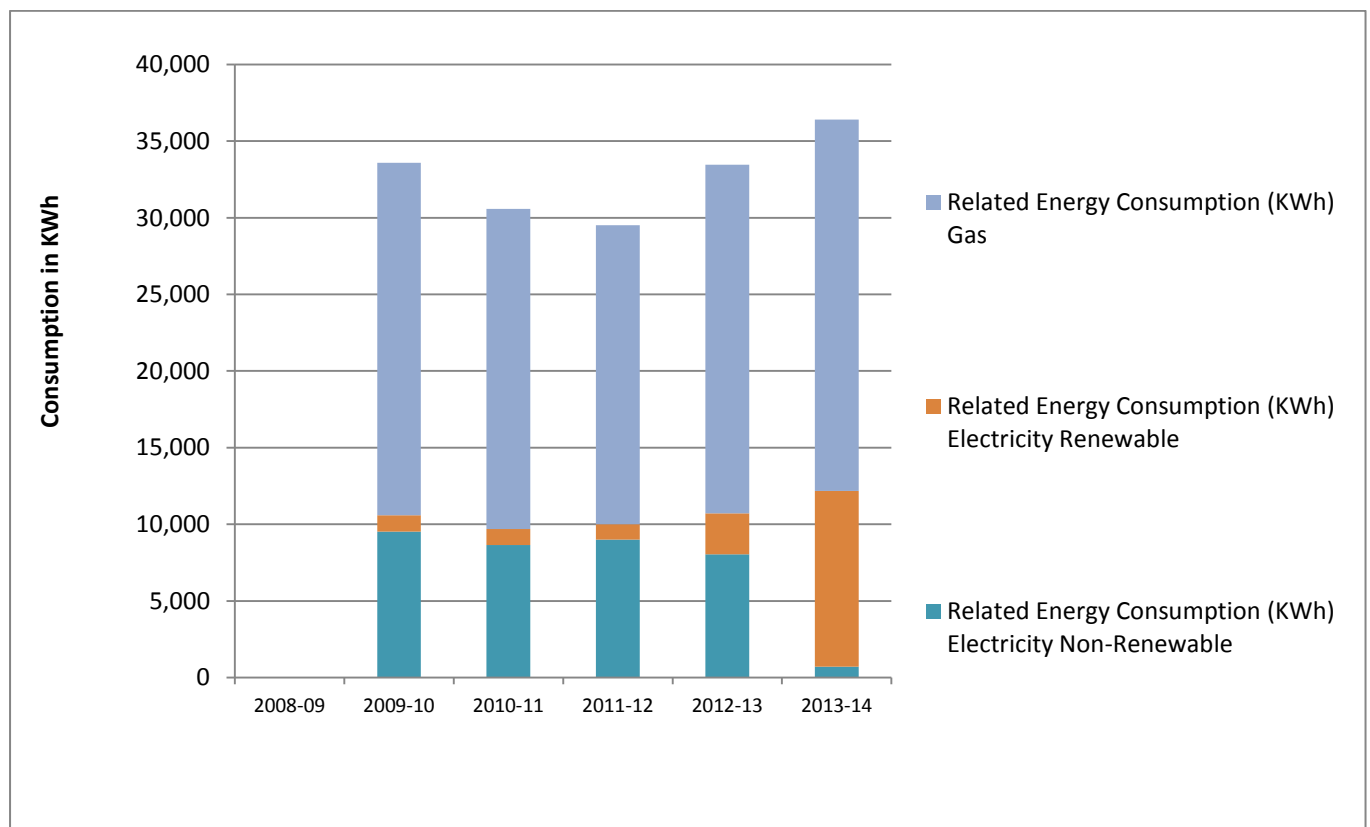
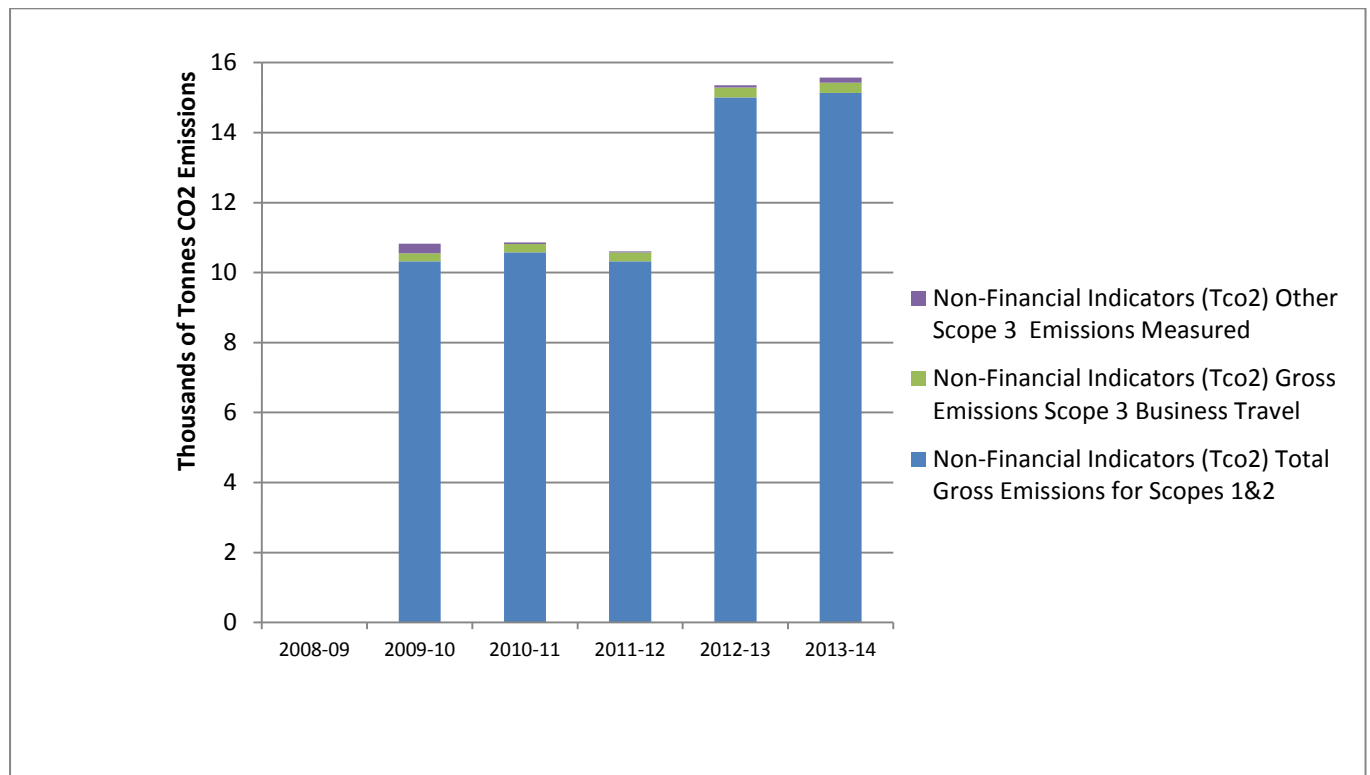
Investment in technology, such as conferencing facilities, has enabled us to reduce business travel for staff attending meetings. Although patient transport vehicles are excluded from general business use, the vehicles continue to be well serviced. A driver training exercise soon to be introduced will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

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

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

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

Greenhouse gas emissions - graphical analysis



Waste

The trust's new contract, with the contractor SRCL, started on the 1st April 2013 and has been successful both in terms of the diversity of service that they provide and the financial savings which have accrued.

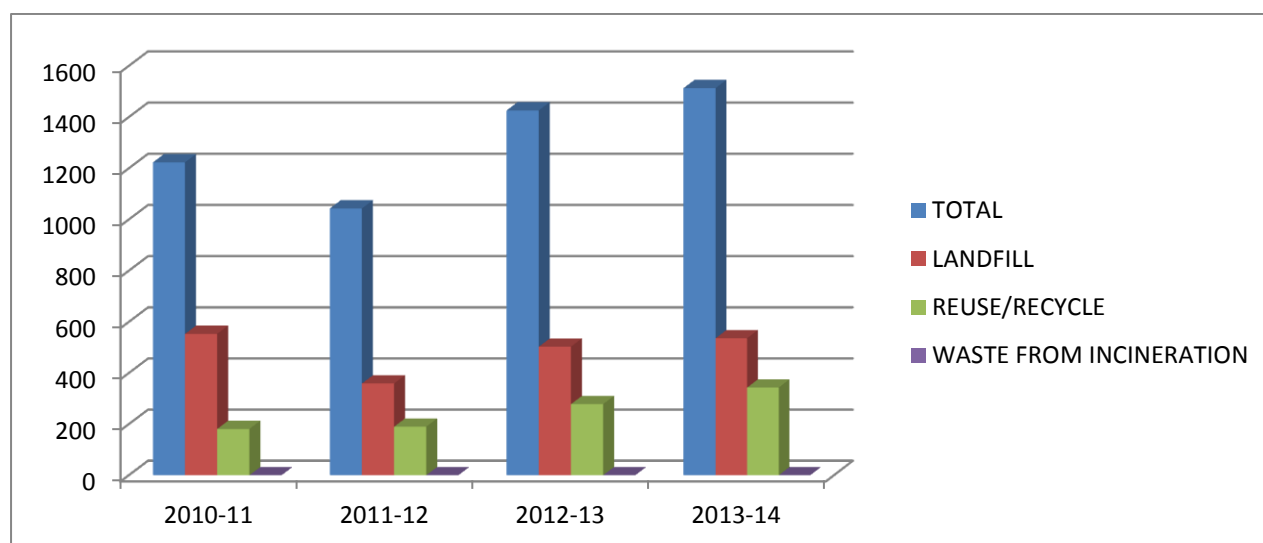
The trust is currently introducing a new waste stream for low grade non-infectious clinical waste which will help reduce further the cost of healthcare waste disposal in the current financial year.

The trust is in the process of preparing a tender for the disposal of all the waste it produces other than clinical waste which is due to be awarded and operational by the 1st April 2015

As can be seen from the figures below the trust overall waste tonnage has continued to increase in the financial year 2013-2014. However, the rate of recycling is also continuing to increase whilst the amount of waste sent for disposal to landfill has dropped slightly. This can be taken as an early indicator that work to encourage staff to recycle is starting to have an effect.

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

Waste - graphical analysis



Water

Despite the clear benefits exercised through recent leak detection and rectification works, water consumption has increased by 14%. This is a direct result of the increased flushing required in all wards and departments as a measure against the formation of legionella bacteria.

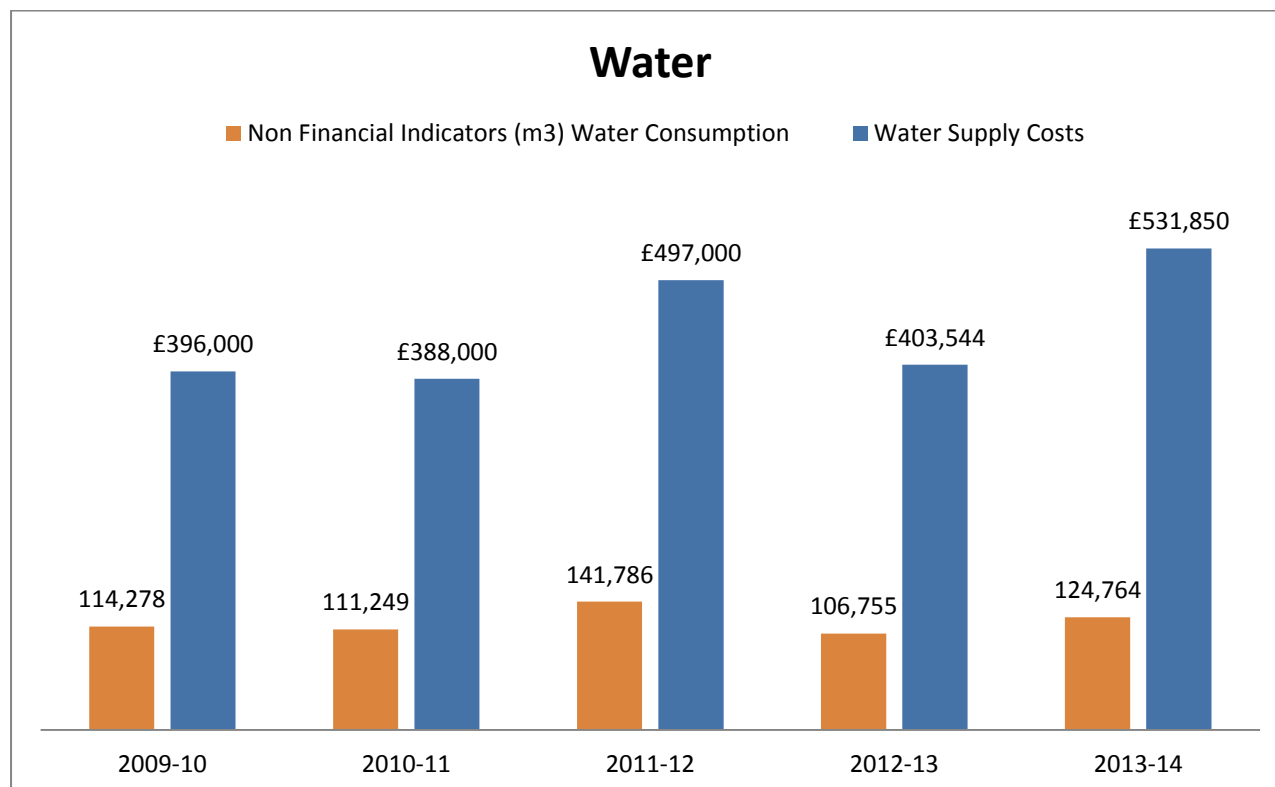
The increased flushing regimes are now regularly performed, monitored and reported to provide the trust with assurance about minimising the likelihood of an occurrence.

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

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

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

Water - graphical analysis



Part IV: Valuing people

Staff wellbeing at work

The trust recognises the evidence that a healthy workforce leads to improved patient experiences, performance and heightened 'whole organisation wellbeing'.

The trust has a 'wellbeing@work' Project Board chaired by the director of workforce and organisational development or her deputy and feeds into the Workforce & Educational Governance Board, Workstream 4. The purpose of the group is to oversee the development of the trust's response to the Boorman report and implement its recommendations:

- develop a joint health and wellbeing strategy, ensuring that the health and wellbeing of staff remains a priority and focus;
- propose, develop and maintain staff wellbeing initiatives and encourage staff engagement;
- investigate best practice evidence from other organisations and national initiatives;
- observe results of staff surveys and action plan priorities as appropriate; and
- observe contribution to green travel plan.

The support from the project board, along with a strategy to take the programme forward to 2014/2015, demonstrates the importance we place on our employees' wellbeing.

Our wellbeing@work programme promotes health and wellbeing for all our staff, providing opportunities and support through a range of services and offers. Through developing 'workplace champions' there has been a huge rise in people's awareness of what wellbeing@work offers in terms of activity, commitment, support and signposting.

- recent introduction of the WOW Awards recognises individuals or teams that have gone over and above what would normally be expected of them;
- introduction of surgeries for staff from the government-led Money Advice Service;
- interactive wellbeing@work pages on the staff intranet site, contact; and
- several workshops established to support the whole agenda around wellbeing@work including physical activity, healthy eating, sickness absence, health and safety, equality and diversity, alcohol and substance misuse, smoking and tobacco related ill-health.

Activity in this area is ongoing, with new services and initiatives being developed all the time. This, in turn improves morale and has a positive impact on patient care.

2013 national NHS staff survey

Staff engagement

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

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

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

Response rate

A total of 497 staff took part in the 2013 national NHS Staff Survey. This represents a response rate of 59 per cent which is in the highest 20 per cent of acute trusts in England, and compares with a response rate of 56 per cent in the 2012 survey.

Summary of findings

In comparison to acute trusts in England, staff responses have rated South Devon Healthcare Foundation Trust as average or better than average in 26 out of the 28 key findings. This includes being rated in the best 20% of acute trusts nationally in 15 key findings and above average in an additional 8 key findings. This significantly exceeds the trusts performance in 2012 and compares favourably to other acute trusts in the South West.

Comparison to internal performance

	2013 Staff Survey	2012 Staff Survey
Highest (best) 20%	15	3
Above the national average	8	7
Average	3	11
Below average	1	7
Lowest (worst) 20%	1	0
Total Indicators	28	28

Comparison to acute trusts in the Peninsula

	Best 20%	Better than Average	Average	Below Average	Worst 20%
Our trust	15	8	3	1	1
SW1	0	5	5	9	9
SW2	1	2	3	4	18
SW3	5	9	4	8	2
SW4	8	5	6	6	3

SW - another South West NHS trust

Areas in which the trust performed in the best 20 per cent of acute trusts nationally included;

- feeling satisfied with the quality of work and patient care they are able to deliver
- receiving equality and diversity training
- support from immediate manager
- low levels of work pressure felt by staff
- receiving health and safety training
- reporting good communication between senior management and staff

In comparison to the trusts results in 2012, there has been a significant statistical improvement in 9 key findings including.

- staff recommendation of the trust as a place to work or receive treatment;
- staff job satisfaction;
- fairness and effectiveness of incident reporting procedures; and
- experiencing bullying and harassment from patients, relatives or the public.

The trust is now rated in the top 20 per cent of acute trusts nationally for each of these 9 key findings.

The trusts overall indicator of staff engagement is 3.88*, which was in the highest (best) 20 per cent of acute trusts nationally and compares to a score of 3.77 in 2012.

**scale summary score from 1 to 5, where 1 represents poorly engaged and 5 represents highly engaged*

Top and bottom four ranking scores

The following table is based on Monitor's template taken from the NHS Foundation Trust Annual Reporting Manual 2013/14.

		2012/13		2013/14		Trust Improvement / Deterioration
Top four ranking scores		Trust	National Average	Trust	National Average	Trust
KF6	Percentage of staff receiving job-relevant training, learning or development in last 12 months*	83%	81%	86%	81%	+3% (Improvement)
KF11	Percentage of staff suffering work related stress in last 12 months*	36%	37%	31%	37%	-5% (Improvement)
KF23	Staff job satisfaction*	3.59	3.58	3.71	3.60	+0.12 scale score (Improvement)
KF24	Staff recommendation of the trust as a place to work or receive treatment*	3.85	3.57	4.01	3.68	+0.16 scale score (Improvement)

**The trust is rated in the top 20 per cent of acute trusts nationally*

		2012/13		2013/14		Trust Improvement / Deterioration
Bottom four ranking scores		Trust	National Average	Trust	National Average	Trust
KF2	Percentage of staff agreeing that their roles make a difference to patients	89%	89%	90%	91%	+1% (Improvement)
KF8	Percentage of staff having well-structured appraisals in last 12 months	31%	36%	36%	38%	+5% (Improvement)
KF17	Percentage of staff experiencing physical violence from staff in last 12 months	3%	3%	4%	2%	+1% (Deterioration)
KF19	Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	23%	24%	24%	24%	+1% (Deterioration)

Areas for development

The immediate areas for focus will be those in which the trust has been rated below the national average. This relates to:

- KF 8 - Percentage of staff having well-structured appraisals in last 12 months; and
- KF 17 - Percentage of staff experiencing physical violence from staff in last 12 months.

Action Plans

A number of actions have already been taken and will continue to develop as detailed below.

KF8 – Structure of appraisals

An appraisal review group was established at the end of 2013 to replace the trusts current appraisal policies with a single harmonised performance development review framework. Work is well advanced with an expected completion date of May 2014. Following ratification of the policy there will be a roll out of awareness and training sessions.

KF 17– Violence towards staff by staff

An acceptable behaviour policy has been drafted and is awaiting ratification. Plans are in place to incorporate the content of this policy into mandatory training. This is supported by a staff leaflet which reminds staff of what is considered acceptable behaviour and the sources of support available if they experience unacceptable behaviour. Further suggestions arising from the working group include the appointment of acceptable behaviour advisors, training in mediation and the development of film resources. These suggestions will be considered and where appropriate taken forward over the forthcoming months. All actions will also help improve *KF19 - Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months*.

Equality and diversity

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

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

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

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

The Equality Delivery System

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

What are we doing as a foundation trust?

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

In April 2013 the trust held an EDS stakeholder engagement event in which patients, voluntary organisations, governors and people from the community were in attendance from across 'protected characteristic' groups.

Equality objectives

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

The trust developed four strategic equality objectives from the EDS grading in April 2013. Each objective is linked to one or more EDS goals. These objectives aim to advance equality for patients and staff. Our equality objectives are available on the trust's public website (<http://www.sdhct.nhs.uk/aboutus/equalityanddiversity/>)

Equality and diversity action plan

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

Equality and diversity policy

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

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

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

Our achievements for 2013/2014

- The trust is developing an 'employability hub'. The purpose of the hub is to recruit and retain a diverse and highly skilled workforce which is representative of the local community. This means supporting local people from disadvantaged backgrounds to improve their employment prospects. The trust has provided a small number of placements for several candidates which have resulted in successful job outcomes.
- Project SEARCH, an employment-focused programme for young people (aged 18-24) with learning disabilities, started in September 2012. The young people participate in a variety of work 'rotations' within Torbay Hospital to develop their skills. This diversity initiative has had a significant positive impact throughout the trust, particularly on staff morale. Some of the young people from the first year cohort are now employed by the trust.
- An equality monitoring pilot was introduced in general surgery clinics which improves the data we have to develop our understanding of patient experience according to different backgrounds. The aim is to develop personalised services which appropriately meet the needs of all patients.
- A number of 'personal, fair and diverse' (PFD) workshops have engaged staff on particular equality issues that impact on experience. The national PFD campaign

aims to raise the profile of equality and diversity, promote the NHS constitution and advocate for the design of services that meets the needs of all patients.

- The trust is a partner in a project called 'Bay6'. The aim is to help homeless patients and those at risk of becoming homeless when discharged from hospital. 'Homelessness' is broadly defined in the context of the project. Community Housing Aid was awarded funding from the Department of Health to work with the trust to improve identification of, and outcomes for, homeless people. The funding helps to ensure patients that often have complex and hidden health and social needs are appropriately discharged in a timely manner. This has resulted in improved patient experience, improved efficiency and reduced delays.
- The trust is a member of Stonewall's health champions programme. Stonewall is the UK's leading lesbian, gay and bisexual (LGB) equality charity. The programme has helped to start developing an inclusive environment for LGB patients. The programme also aims to reduce health inequalities. One of our key achievements was the establishment of a LGB and transgender network group.
- A protocol and guidance was approved to support patients who are planning, currently undergoing, or have gone through the process of gender reassignment.
- An innovative education and training programme has been developed to improve patient care. A cultural awareness course has been designed to support overseas and UK staff by developing their understanding of cultural differences.
- The 'quiet room' was refurbished. The quiet room is a space designed to meet the needs of patients and staff. Although it is used primarily for prayer, it can also be used for quiet reflection, as well as for religious or spiritual use.

Part V: Foundation trust membership

Comparison 2012 and 2013 - staff and public membership

	Staff Membership				Public Membership			
	2012/13	%	2013/14	%	2012/13	%	2013/14	%
Age								
0-16	47	1.3	47	1.3	1	<1	3	<1
17 -21					7	<1	15	<1
22+	3566	98.7	3581	98.7	13069	98.2	12737	98.2
Not stated					226	1.7	219	1.7
TOTAL	3613		3628		13303		12974	
Ethnicity								
White	3389	93.8	3388	93.4	12029	90.4	11726	90.4
Mixed	28	0.8	33	0.9	12	<1	12	<1
Asian	14	0.4	16	0.4	26	<1	25	<1
Asian British	73	2.0	78	2.1				
Black	1	0.0	2	0.1	4	<1	4	<1
Black British	15	0.4	17	0.5				
Other	40	1.1	42	1.2	20	<1	21	<1
Undefined	0	0	0	0			0	0
Not stated	53	1.5	52	1.4	1212	9.1	1186	9.1
TOTAL	3613		3628		13303			
Sex								
Male	819	22.7	842	23.2	5609	42.1	5385	41.5
Female	2794	77.3	2786	76.8	7593	57.1	7365	56.8
Not stated	0		0		101	<1	224	1.7
TOTAL	3613		3628		13303		12974	
Recorded Disability								
Yes	77	2.1	78	2.1	6	<1	8	<1
No	2599	71.9	2619	72.2	-	-	-	-
Not declared	182	5.0	192	5.3	-	-	-	-
Undefined	755	20.9	739	20.4	-	-	-	-
TOTAL	3613		3628		6	<1	8	<1

* Not applicable

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

Part VI: Regulatory findings

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

The trust's Care Quality Commissions declaration is reported elsewhere in this annual report – see page 93.

Monitor's regulatory findings

Table of analysis – 2012/13 & 2013/14

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

	Annual Plan 2012/13	Quarter 1 2012/13	Quarter 2 2012/13	Quarter 3 2012/13	Quarter 4 2012/13
<i>Under the compliance framework</i>					
Financial risk rating	3	4	4	4	4
Governance risk rating	Amber-Red	Green	Amber-Green	Amber-Green	Amber-Green

Explanation of ratings

Since 1 April 2013 all NHS foundation trusts needed a licence from Monitor (sector regulator for health services in England) that stipulates specific conditions the trust must meet.

On 1 October 2013 Monitor replaced its long standing compliance framework with a new 'risk assessment framework' (RAF). The RAF outlined a new set of rules with two specific aspects of our work being regularly monitored throughout the year: the continuity of services and governance conditions in our provider licence.

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

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

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

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

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

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

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

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

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

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

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

Governance risk rating – Monitor will primarily use a governance rating, incorporating information across a number of areas, to describe views of the governance of an NHS foundation trust. Monitor will generate this rating by considering the following information regarding the trust and whether it is indicative of a potential breach of the governance condition:

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

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

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

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

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

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

2013/14 was a challenging year for South Devon Healthcare NHS Foundation Trust although the organisation achieved financial risk ratings in line with the annual plan expectations. Likewise, compliance with governance targets was maintained throughout the year.

The trust has responded and performed well during 2013/14 in maintaining safety and quality whilst delivering the financial challenges imposed on all NHS trusts, achieving a year-end position excluding impairments that was a surplus, but below the target submitted in its annual plan to Monitor on 31 May 2013.

The continuity of services and governance risk ratings at the end of March 2014 were 'four' and 'green' respectively.

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 2013/14 – The governance risk rating was in line with our plans with the trust meeting all healthcare targets and indicators. The financial risk rating was slightly below plan.

Quarter two 2013/14 – The governance risk rating was in line with our plans with the trust meeting all healthcare targets and indicators. The financial risk rating was slightly below plan.

Quarter three 2013/14 – The trust's governance risk rating remained at green. The continuity of services risk rating went to four (low risk) in line with our annual plan.

Quarter four 2013/14 – The trust's governance rating was green. The continuity of services risk rating was four (low risk) in line with our annual plan.

There have been no formal interventions by Monitor during 2012/13 or 2013/14.

Part VII: Local Assurance

The NHS foundation trust – background (pre 1 April 2014)



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

The legislative basis

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

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

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

31 + chairman = 32 in total

In the lists on the following pages, each representative's term of office is recorded; new public, staff and nominated governors are elected for a three-year term of office. Each governor's number of attendances at Council of Governors meetings during the year is also shown, and also membership of, and attendance at, any sub-committees. Membership numbers are given for each constituency. All numbers are as at 31 March 2014.

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: 1,484 members)

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
Roy Allison	Current Re-elected for 2 year term (1 March 2014 – 29 February 2016) Member of Remuneration Committee Member of Mutual Development Group	None declared Attended Council of Governors 4/4
Christina Carpenter	Current Re-elected for 3 year term (1 March 2014 – 28 February 2017) Governor observer – workstream 2 (patient experience and community partnerships) Member of Quality and Compliance Committee Member of Mutual Development Group	None declared Attended Council of Governors 4/4
Anne Harvey	Current Council of Governors lead governor Re-elected for 3 year term (1 March 2013 – 28 February 2016) Member of Nominations Committee (Chair if dealing with matters associated with the Chairman)	None declared Attended Council of Governors 4/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
	Chair of Remuneration Committee Member of Quality and Compliance Committee Governor observer – Pharmacy Manufacturing Unit	

Teignbridge Constituency

Elected public governors
(7 representatives: 4,839 members)

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
Terry Bannon	Current Re-elected for 3 year term (1 March 2014 – 28 February 2017) Member of Nominations Committee Governor observer – workstream 5 (infrastructure and environment) Member of Quality and Compliance Committee	None declared. Attended Council of Governors 3/4
Barrie Behenna	Current Re-elected for 3 year term (1 March 2012 – 28 February 2015) Member of Nominations Committee Member of Remuneration Committee	None declared Attended Council of Governors 3/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
	Chair of Quality and Compliance Committee	
Carol Day	Current Elected for 3 year term (1 March 2013 – 28 February 2016) Governor observer – Infection Prevention and Control Committee	None declared Attended Council of Governors 4/4
Cathy French	Current Re-elected for 3 year term (1 March 2012 – 28 February 2015) Member of Remuneration Committee Chair of Mutual Development Group	None declared Attended Council of Governors 3/4
Alan Hitchcock	Current Re-elected for 3 year term (1 March 2013 – 28 February 2016) Member of Mutual Development Group	None declared Attended Council of Governors 4/4
George-Alfred Husband	Current Re-elected for 3 year term (1 March 2013 – 28 February 2016)	Interests declared: Patient lead and chair of newly formed PPG (Patient Participation Group) at Cricketfield Surgery/Newton Abbot. Director/Trustee – H.I.T.S (Homeless In Teignbridge Support). Trustee – Meadowside Charity Teignbridge concerning persons with learning difficulties. Trustee – T.C.V.S (Teignbridge Community Volunteer Service). Attended Council of Governors 4/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
Sally Rhodes	Current Elected for 3 year term (1 March 2013 – 28 February 2016) Member of Mutual Development Group	None declared Attended Council of Governors 4/4

Torbay Constituency

Elected public governors
(7 representatives: 6,651 members)

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
Stephen Acres	Current Re-elected for 3 year term (1 March 2012 – 28 February 2015)	None declared Attended Council of Governors 4/4
Will Baker	Current Elected for 3 year term (1 March 2012 – 28 February 2015) Governor observer – workstream 1 (Patient Safety Committee) Member of Quality and Compliance Committee	Interests declared: South Devon Cardiac Services Clinical Pathway Group. One son is currently employed on the physiotherapy bank, working in Dartmouth Hospital; the other son is a physiotherapist currently on rotation at Torbay Hospital. Attended Council of Governors 3/4
David Brothwood	Current Elected for 3 year term (1 March 2013 – 29 February 2016)	None declared Attended Council of Governors 3/3
Sylvia Gardner-Jones	Current Re-elected for 3 year term (1 March 2014 – 28 February 2017) Member of Mutual Development Group	Member of Torbay Hospital Chaplaincy Team. Attended Council of Governors 4/4

Name	Term of office Committee and Group membership	Declaration of interests Council of Governors Attendance record 2013/14
Rick Hillier	Current Re-elected for 3 year term (1 March 2013 – 28 February 2016) Member of Nominations Committee Member of Remuneration Committee Governor observer – workstream 3 (Finance Committee) Member of Quality and Compliance Committee	Interests declared: Chairman of the Community Care Trust (South Devon) Ltd. Attended Council of Governors 3/4
Lynne Hookings	Current Elected for 3 year term (1 March 2013 – 28 February 2016) Governor observer – Audit and Assurance Committee	Interests declared: Trustee of Torbay Hospital League of Friends. Attended Council of Governors 4/4
John Hyde	Term ended Elected for 3 year term (1 March 2011 – 28 February 2014)	None declared Attended Council of Governors 3/4
Wendy Marshfield	Current Elected for 3 year term (1 March 2014 – 28 February 2017)	None declared Attended Council of Governors 0/0

Staff Constituency

Elected staff governors

(4 representatives: 3,628 members)

Name	Term of office	Declaration of interests Attendance record 2013/14
Cleo Allen	Current Elected for 3 year term (1 March 2013 – 28 February 2016) Member of Mutual Development Group	None declared Attended Council of Governors 4/4
Rachael Glasson	Current Elected for 3 year term (1 March 2012 – 28 February 2015) Governor observer – workstream 4 (Workforce & Educational Governance Board) Member of Quality and Compliance Committee	None declared Attended Council of Governors 2/4
Jon Goldman	Current Elected for 3 year term (1 March 2012 – 28 February 2015) Member of Nominations Committee	None declared Attended Council of Governors 2/4
Helen Wilding	Current Elected for 3 year term (1 March 2013 – 28 February 2016) Governor observer – Equality, Diversity and Human Rights Group Member of Mutual Development Group	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 2013/14
Julia Blood	Carers Current 1 March 2013 – 29 February 2016	Interests declared: development manager and lead practitioner for learning disability for Devon carers centre. Employed by registered charity south Devon Carers Consortium (SDCC) working in partnership with the carers+ consortium, which commissions SDCC to deliver services in South Devon. The carers+ consortium receives funding from Devon Primary Care Trust and Devon County Council. The carers centre provides information, support and short breaks for carers living in Devon. Attended Council of Governors 1/4
Gill Montgomery	Devon Partnership Trust Current 1 March 2013 – 29 February 2016	Interests declared: Assistant director – Devon Partnership Trust. Attended Council of Governors 2/4
Mark Procter	South Devon and Torbay CCG Current 1 July 2013 – 30 June 2016	None declared Attended Council of Governors 3/3
Rosemary Rowe	Devon County Council Current 1 June 2013 – 31 May 2016	None declared Attended Council of Governors 2/3
Sylvia Russell	Teignbridge Council Current 1 June 2013 – 31 May 2016	None declared Attended Council of Governors 2/3

Name	Term of office Committee and Group membership	Declaration of interests Attendance record 2013/14
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 South Devon Healthcare NHS Foundation Trust board. Attended Council of Governors 2/4
Lindsay Ward	South Hams District Council Current 1 July 2012 – 30 June 2015	None declared Attended Council of Governors 3/4
Jon Welch	Torbay and Southern Devon Health and Care NHS Trust Current Re-nominated for 3 year term (1 March 2013 – 29 February 2016)	Interests declared: Board member of Torbay and Southern Devon Health and Care NHS Trust. Attended Council of Governors 1/4
Peninsula College of Medicine and Dentistry		Vacant
Voluntary Services		Vacant

The Council of Governors was chaired by the trust chairman Peter Hildrew until his resignation in January 2014. He attended all of the Council of Governors meetings held during the year.

Elections

Some of the public and staff member representatives, known as governors, came to the end of their terms of office during the year. Approximately a 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 December 2014 – for two of the three South Hams and Plymouth seats, one of the seven Teignbridge constituency seats and for two of the seven Torbay constituency seats.

There were two candidates for the South Hams and Plymouth seats; Roy Allison and Christina Carpenter were re-elected for a three-year term unopposed.

Two candidates put themselves forward for the Teignbridge constituency seats; Terry Bannon was re-elected for a three-year term of office.

Six candidates put themselves forward for the Torbay constituency seats; Sylvia Gardner-Jones was re-elected and has been joined from March (2014) for a three-year term on the trust's Council of Governors by the other successful candidate Wendy Marshfield.

There were no elections for the staff governor seats. The two clinical seats will become available in 2015; both governors are eligible for re-election.

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 seven years now, and we are maintaining a public membership of just under 13,000 people whom we stay in contact with several times a year. Annual surveys and real-time feedback of their views about our forward plans and about their experiences of our service – as recent patients, carers or visitors - is now an established part of our communications with our members. The level of responses we receive gives us a statistically significant sounding board from households across the South Devon community. Most of the respondents were happy with the level of service being provided, but where we do not always get it right first time, the trust is committed to improving these areas for everyone.

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

Understanding the patient experience

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

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

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

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

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

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

Work of the Council of Governors

The Council of Governors held four public meetings during the year and made decisions in accordance with the trust's constitution. In addition, to routine agenda items, governors received presentations on the staff survey, car parking, studio school, Torbay Health and Wellbeing Board and winter planning. The trust welcomes anyone who would like to attend these public meetings.

In February 2014, the Council of Governors held its annual self-assessment session; a review of the previous year and actions being agreed for 2014/15.

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

Non-Executive Director Nominations Committee

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

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

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

Following Phil Johnston's term of office coming to an end in December 2013, having served six successful years at the trust, an executive search agency was used to fill the vacant non-executive director position. Interviews for the position were held in November 2013 and the Council of Governors appointed James Furse, for a three-year term of office from 1 January 2014.

In the spring (2014), the Nominations Committee and the Senior Independent Director were unable to conduct an annual performance review of the chairman due to the chairman's resignation at the end of January 2014. The non-executives' annual performance reviews were conducted by the vice chair of the NHS foundation trust and the Council of Governors' lead governor. Reports generated by the reviews are put forward to the Council of Governors.

Non-Executive Director Remuneration Committee

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

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

The meetings are chaired by the lead governor.

All the recommendations for 2013/14 put forward by the Remuneration Committee were agreed by the majority of the Council of Governors in July 2013.

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 2013 totalled 13,303 and 12,974 at the end of March 2014. We estimate that this represents around seven per cent of the households in our catchment area.

The group has adopted the following objectives for 2014/15 and these are annually reviewable:

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

Recruitment - To seek to maintain the registered membership at its present level of 13,000 – 14,000 and to maintain under review means of achieving a representation of all sectors of the community.

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

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

Partnership - To actively work with Healthwatch, the local clinical commissioning groups and other appropriate agencies whose experience might add to the pool of knowledge about the public response to the foundation trust and the delivery of its services.

Members of the public, living in any of the three public constituencies and aged over 16, are eligible to become members. Our map (see page 41) 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.**

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

Quality and Compliance Committee

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

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

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

It is the Quality and Compliance Committee's responsibility to write the governor statement in the quality report (page 160).

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

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

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

The practice of inviting speakers to the Quality and Compliance Committee has continued though this year. The director of nursing, professional practice and peoples experience spoke especially about the management of complaints, a topic which emerges from time to time in the governors' annual survey of members.

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

Our Directors' report

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

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

Our Board of Directors

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

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

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

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

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

As mentioned above there has been one appointment to the non-executive team during 2013/14 year; James Furse was appointed for three years following an open process which attracted more than 20 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 2013/14 the board adopted a set of key corporate objectives, linked to the Annual Plan.

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

Non-Executive Directors

Non-Executive Directors, place of residence, term of office, attendance at meetings	Background	Declared interests
<p>Peter Hildrew, resigned January 2014.</p> <p>Attendance:</p> <p>Board of Directors 10/11</p> <p>Nominations Committee 7/8</p> <p>Charitable Funds 2/2</p> <p>Risk & Assurance Integrated Governance Group 4/4</p> <p>Executive Nominations & Remuneration Committee 4/4</p>	<p>Appointed as Chairman from March 2008, Peter Hildrew was previously a non-executive member of the Board for three years. His selection process was overseen by the trust's Governance Board (now referred to as the Council of Governors), which was established when South Devon Healthcare was authorised as an NHS foundation trust and which is primarily made up of public representatives elected by the trust's Foundation membership from across South Devon. Peter has chaired the trust's Patient Safety and Quality Committee and takes a particular interest in safeguarding patients by improving the standards of care. He has wide experience of working on boards, including for health authorities in London and Northamptonshire. His career has spanned NHS management, the voluntary sector (as a director for the National Association of Citizens Advice Bureau) and chairing a Community Health Council. Previously, he worked in the media, where he specialised in reporting on health and social services. Peter lived in the South Hams from 2001 to 2010 and now lives in Haytor, Teignbridge.</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 11/13</p>	<p>Appointed as Acting Chair in February 2014, David Allen OBE has been a Non-Executive Director for the trust since 2012. He spent 37 years in higher education and retired as Registrar and Deputy Chief Executive of the University of Exeter in 2013. David is a Principal Consultant with Perrett Laver, an executive search firm,</p>	<p>Interests declared: Principal Consultant, Perrett Laver executive search company.</p>

<p>Audit and Assurance Committee 4/5</p> <p>Executive Nominations & Remuneration Committee 3/4</p>	<p>and a Council member of the Higher Education Funding Council for Wales. He is a governor of Exeter College and was awarded an OBE for services to higher education in the 2012 New Year Honours List.</p>	<p>Former employee, University of Exeter. Governor, Exeter College.</p>
<p>John Brockwell, Salcombe, appointed for three years until March 2015.</p> <p>Attendance:</p> <p>Board of Directors 11/13</p> <p>Audit and assurance committee 4/5</p> <p>Executive Nominations & Remuneration Committee 3/4</p> <p>PMU 10/12</p> <p>Charitable Funds 2/2</p> <p>Risk & Assurance Integrated Governance Group 4/4</p>	<p>Mr John Brockwell from Salcombe, has operated at board level as a finance professional in both the public and private sectors and in 2000 he was President of the Association of Chartered Certified Accountants. John spent much of his career with Marks and Spencer, where roles included Group Financial Controller for UK Stores and Head of Finance for one of the four UK divisions of Marks and Spencer, where he was responsible for financial management and strategy. He also served for six years as a non-executive director and vice chair on the Royal Berkshire & Battle Hospitals NHS Trust and more recently, for four years as a Non-Executive Director and Chair of the Audit Committee for Torbay and Southern Devon Health and Care NHS Trust.</p>	<p>None declared</p>
<p>Les Burnett, Torquay, appointed until February 2015.</p> <p>Attendance:</p> <p>Board of Directors 12/13</p> <p>Audit and Assurance Committee 5/5</p> <p>PMU Board 10/12</p> <p>Executive Nominations & Remuneration Committee 4/4</p>	<p>Mr Les Burnett, from Maidencombe in Torquay was appointed in March 2008. He brings expertise as a chartered accountant to the board as well as experience of giving financial, tax and strategic advice. He is a Managing Partner at Francis Clark, Chartered Accountants. Mr Burnett has also been Chair of Torbay Development Agency Ltd.</p>	<p>Interests declared:</p> <p>My wife is a practice nursing sister at Barton Medical Centre.</p> <p>I am a partner of Francis Clark who have undertaken certain VAT work for the trust.</p> <p>He is also Chair of the</p>

		Finance Committee at South Devon Healthcare NHS Foundation Trust.
<p>Philip Johnston, term ended 31 December 2013.</p> <p>Attendance:</p> <p>Board of Directors 8/10</p> <p>Audit and Assurance Committee 3/4</p> <p>Executive Nominations & Remuneration Committee 1/3</p>	<p>Phil Johnston has lived locally for 11 years and joined the trust board in January 2007. He was a commercial business director with the Met Office for 5 years, and brings over 25 years' experience of senior management within the consumer healthcare and pharmaceutical industry to the trust. He now runs his own successful business consultancy Spring South West advising, coaching and training business across the South West on sales, marketing, business development and brand.</p>	<p>Interests declared:</p> <p>My wife is a consultant doctor at the trust.</p>
<p>Topsy Murray, Resigned February 2014.</p> <p>Trust's Vice Chairman (from 1 March 2012) and Senior Independent Director (from 1 October 2012)</p> <p>Attendance:</p> <p>Board of Directors 12/12</p> <p>Audit and Assurance Committee 4/4</p> <p>Executive Nominations & Remuneration Committee 4/4</p> <p>Charitable funds 1/2</p> <p>Risk & Assurance Integrated Governance Group 2/4</p>	<p>Topsy Murray has lived in the Dunsford area for thirty years and was appointed to the trust in July 2010. She 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 28 years. She is Bench Chairman for the North & East Devon Bench and the South West regional representative for 17 Bench chairmen. She specialises in family court work and has been agreed as the NED lead for Safeguarding for the trust. Topsy is Chairman of a small charity - Upstream - in Mid Devon which supports older people to remain independent at home. She is the joint author of three books on health and social policy.</p>	<p>None declared</p>

<p>Sally Taylor, Modbury, appointed for three years until December 2015.</p> <p>Attendance:</p> <p>Board of Directors 13/13</p> <p>Audit and Assurance Committee 5/5</p> <p>Executive Nominations & Remuneration Committee 3/4</p>	<p>Sally Taylor joined the board in January 2013. She has been the chief executive of St Luke's Hospice in Plymouth since 1994. St Luke's delivers specialist palliative care, including advice and support to other professionals, for patients in Derriford, at home and in the hospice in-patient unit. Prior to that she spent nine years as a chartered accountant with PricewaterhouseCoopers (PwC) in London, specialising in corporate finance for small and growing businesses. She has been trustee/ treasurer/chairman of a number of charities including Help the Hospices (the national membership body for hospices), the Harbour Centre drug and alcohol advisory service and the Barbican Theatre in Plymouth. She currently sits on the Local Education and Training Board for health in the South West.</p>	<p>Employment – St Luke's Hospice, Plymouth.</p> <p>Directorship – SLH Ventures Ltd.</p> <p>The trust has no contracts, financial or other dealings with these two companies.</p> <p>Member of SDH Developments Ltd. Member of Education South West Advisory Board.</p>
<p>James Furse, Totnes, appointed for three years until January 2017.</p> <p>Attendance:</p> <p>Board of Directors 3/3</p> <p>Audit and Assurance Committee 1/1</p> <p>Executive Nominations & Remuneration Committee 0/1</p>	<p>James was appointed as a non-executive Director in January 2014. He enjoyed a long and distinguished career with the John Lewis Partnership from 1981 to 2010, the last four years of which he was the first Managing Director of their financial services arm, Greenbee.com, now John Lewis Financial Services. In 2010, James was appointed Executive Director of The Prince's Social Enterprises Ltd and became a member of a number of related boards, including Duchy Originals Ltd. James was appointed as a non-executive director of NS&I in January 2012 and is chairman of its Appointments and Remuneration Committee.</p>	<p>Operations Director The Prince of Wales's Charitable Foundation, Non-Executive Director NS&I, Non-Executive Director Pukka Herbs Ltd, Director North Highland Initiative, Director Cambrian Mountains Farmers CIC, Chairman AG Carrick Ltd, Director Land Society.</p>

Executive Directors

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
<p>Paula Vasco-Knight, Chief Executive (suspended February 2014)</p> <p>Attendance:</p> <p>Board of Directors 8/11</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 sat on the national leadership and equality and diversity councils, helping to shape policy and steer the direction of the NHS for the future. Paula was the national senior responsible officer for the equality delivery scheme 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 five years, won a national leadership award in 2012 and was national equality lead for NHS England.</p>	<p>Interests declared:</p> <p>Husband Stephen Vasco-Knight has a graphic design business and tendered for work with South Devon Healthcare NHS Foundation Trust and NHS England.</p>
<p>Paul Cooper, Director of Finance, Performance and Information and Deputy Chief Executive</p> <p>Attendance:</p> <p>Board of Directors 13/13</p> <p>Audit & Assurance Committee 5/5</p> <p>Charitable Funds 2/2</p> <p>Risk & Assurance Integrated Governance 4/4</p> <p>PMU Board 6/12</p>	<p>Paul Cooper qualified as a chartered accountant with KPMG (KPMG is a global network of professional firms providing audit, tax and advisory services) before joining the NHS in 1992. He has undertaken a wide variety of financial management roles in health authority, primary care trusts and provider organisations, all within the South and West Devon area. Paul joined the trust in July 2010, from his previous post at Plymouth Hospitals NHS Trust. As well as leading on all aspects of financial management, Paul has a wealth of experience in contracting, performance and information management and is committed to integrating all of these disciplines, delivering comprehensive business support to clinical teams as they steer their services through what are challenging times for the NHS. Paul is an active member of the Healthcare Financial Management Association. Paul is also the</p>	<p>None declared</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
	trust's deputy chief executive.	
<p>John Lowes, Medical Director</p> <p>Attendance:</p> <p>Board of Directors 11/13</p>	<p>John Lowes qualified in medicine from Cambridge University and King's College Hospital, London in 1980. After training jobs in London, Oxford, and Birmingham he was appointed consultant gastroenterologist at Torbay Hospital in 1993, clinical tutor 1994, director of education 2003-2009, and became medical director October 2009. John chairs the Torbay Hospital Clinical Management Group and has board responsibility for patient safety.</p>	<p>Interests declared:</p> <p>My wife is a partner in The old farm surgery, Paignton, and refers patients to the trust. Member of SDH Developments Ltd.</p>
<p>Adrienne Murphy, Director of Workforce and Organisational Development (suspended February 2014)</p> <p>Attendance:</p> <p>Board of Directors 9/12</p>	<p>Adrienne Murphy has been a manager in the NHS for over 20 years working in a variety of settings including acute, primary care and strategic health authority. She is a fellow of the Chartered Institute of Personnel Development.</p>	<p>Interests declared:</p> <p>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.</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
<p>Lesley Darke, Director of Estates and Commercial Development</p> <p>Attendance:</p> <p>Board of Directors 13/13</p>	<p>Lesley Darke began her career as a nurse, training at Guy' Hospital London and in cardiothoracics at the Royal Brompton. She has held a variety of senior nursing and management posts in a variety of provider organisations and a health authority most recently director of planning, deputy and interim chief operating officer and director of estates, facilities and site services. She also has a masters degree in business administration. Lesley is experienced in strategic planning and managing support and commercial services. She retains her nursing values and is passionately committed to ensuring estates and facilities management services support quality care, and are person centred. She is extremely proud to be the champion of the patient environment. Lesley joined the trust in August 2012.</p>	<p>Interests declared:</p> <p>joint director of estates and commercial development for South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon Health and Care NHS Trust.</p>
<p>John Harrison, Interim Director of Operations (commenced 8 July 2013)</p> <p>Attendance:</p> <p>Board of Directors 8/8</p> <p>Risk & Assurance Integrated Governance Group 3/3</p>	<p>John began his career in the NHS in South and West Devon Health Authority in 1997. He has held various commissioning roles in a local primary care trust (PCT) which has given John a good overview of NHS services from primary and community to acute, mental health and learning disabilities. Johns' last role in a PCT was director of commissioning and performance. This experience has enabled John to gain a good insight to NHS performance and contracting across a broad range of health services both NHS and private. His last role before joining South Devon Healthcare was director of the peninsula cancer network. This involved significant work on reconfiguration of cancer services in the Peninsula. John has also provided the lead contract and performance function for the Peninsula heart and stroke network. Prior to joining the NHS John worked in the regional newspaper industry where he trained as a chartered management accountant. John joined South Devon Healthcare in February 2012 initially as head of planning and contracts before moving to his current role in July 2013.</p>	<p>None declared</p>

Executive Directors and responsibilities, Board of Directors attendance record	Background	Directors' Declared Interests
<p>Jane Viner, Director of Professional Practice, Nursing and People's Experience (commenced 29 July 2013)</p> <p>Attendance:</p> <p>Board of Directors 8/8</p>	<p>Jane qualified as a nurse in 1985 and specialised in critical care and emergency medicine where she held a wide range of clinical, management and education roles. Jane has held various posts in the South West since 2001, including Nurse Consultant and Associate Director of Nursing at SDHFT, Deputy Director of Nursing at RD&E, and Director of Nursing and Professional Practice and Deputy Chief Executive at TSDHCT.</p> <p>Jane joined this trust in April 2013 and leads on a number of trust objectives including patient experience, infection prevention and control, clinical governance and safety.</p>	<p>None declared</p>

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

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 advise the trust board on matters regarding the remuneration and conditions of service for senior managers.

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

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

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

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

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

Membership

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

The membership of the Executive Nominations and Remuneration Committee for 2013/14 was as follows:

Period 1 April 2013 – 31st March 2014

Member	Meeting date			
	29 May 2013	3 July 2013	26 Nov 2013	28 Jan 2014
Mr P Hildrew*	✓	✓	✓	✓
Mrs T Murray**	✓	✓	✓	✓
Mr D Allen	✓	✓	apologies	✓
Mr J Brockwell	✓	✓	✓	apologies
Mr L Burnett	✓	✓	✓	✓
Mr J Furse	n/a	n/a	n/a	apologies
Mr P Johnston	✓	apologies	apologies	n/a
Mrs S Taylor	✓	✓	apologies	✓

*chairman **vice chair n/a = non-applicable

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 has not utilised a performance-related pay system for board-level directors for 2013/14.

Performance objectives

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

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

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

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

Duration of contracts, notice periods and termination payments

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

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

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

Service contracts

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

- Chief executive;
- Director of nursing and patient experience;
- Director of finance, performance and information;
- Director of workforce and organisational development;
- Director of estates and commercial development;
- Interim director of operations ; and
- Medical director.

Unless noted above, all of these post holders have been in post throughout 2013/14. There were two suspensions in February 2014 as per the executive table above; the investigations are ongoing.

No significant awards have been made to either present or past senior managers within 2013/14.

Governor expenses

Governors may be reimbursed for legitimate expenses, incurred in the course of their official duties, as governors of the South Devon Healthcare NHS Foundation Trust. The total amount of expenses claimed by 13 governors during the year was £4,071.

Off payroll arrangements

The trust did not have any off payroll engagements between 1 April 2013 and 31 March 2014 that meets Monitor's guidance.

Signed



Interim Chief Executive

Date

28 May 2014

Remuneration report (audited information)

Salary and pension entitlements of senior managers

	2012/13			2013/14		
	Salary	Other remuneration	Benefits in kind	Salary	Other remuneration	Benefits in kind
	(bands of £5,000)	(bands of £5,000)	(to nearest £100)	(bands of £5,000)	(bands of £5,000)	(to nearest £100)
Name and Title	£000	£000	£	£000	£000	£
Ms P Vasco-Knight Chief Executive	165 - 170	15 - 20	2,800	160 - 165	20 – 30	4,400
Dr J R Lowes Medical Director	80 – 85	105- 110	-	85 - 90	105- 110	1,200
Ms E Childs Director of Nursing and Governance	100 - 105	-	100	-	-	-
Mr P Cooper Director of Finance	125 – 130	-	1,100	140 – 145	-	2,500
Mrs A Murphy Director of Workforce and Organisational Development	110 - 115	-	-	110 - 115	-	400
Mr J Harrison Interim Director of Operations	-	-	-	70 - 75	-	-
Mrs L Darke Director of Estates & Commercial Development	-	-	-	100 - 105	-	400
Mrs J Viner Director of Nursing, Professional Practice and People's Experience	-	-	-	65 - 70	-	-
Mrs C Bessent Acting Director of Nursing	-	-	-	30 - 35	-	-
Mr P Hildrew Chairman	40 - 45	-	-	35 - 40	-	-
Mr A J C Cooper Non-Executive Director	10 - 15	-	-	-	-	-

Mr J R Buckner Non-Executive Director	10 - 15	-	-	-	-	-
Dr P I Johnston Non-Executive Director	5 - 10	-	-	5 - 10	-	-
Mr L M Burnett Non-Executive Director	10 - 15	-	-	10 - 15	-	-
Mrs L Murray Non-Executive Director	5 – 10	-	200	10 - 15	-	1,700
Mr D Allen Non-Executive Director	10 - 15	-	-	15 - 20	-	-
Mr J Brockwell Non-Executive Director	15 - 20	-	300	15 - 20	-	1,900
Mrs S Taylor Non-Executive Director	0 - 5	-	-	10 - 15	-	1,200
Mr J Furse Non-Executive Director	-	-	-	0 - 5	-	-

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

The other remuneration received by Ms P Vasco-Knight is in respect of duties performed in her role as national lead for equality on behalf of NHS England.

The other remuneration received by Dr J R Lowes is in respect of duties performed in his role as clinician in the trust.

Pension benefits

Name and title	Real increase in pension and related lump sum at age 60 (bands of £2,500) £000	Total accrued pension and related lump sum at age 60 at 31 March 2014 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2014 £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension To nearest £100
Ms P Vasco-Knight Chief Executive	2.5 - 5.0	165 - 170	758	701	42	-
Dr J R Lowes Medical Director	15.0 – 17.5	350 - 355	1,927	1,744	145	-
Mr P Cooper Director of Finance, Performance and Information	10.0 – 12.5	145 – 150	620	547	61	-
Mrs A Murphy Director of Workforce and Organisational Development	2.5 – 5.0	120 - 125	525	482	33	-
Mr J Harrison Interim Director of Operations	7.5 – 10.0	85 - 90	337	275	42	-
Mrs L Darke Director of Estates & Commercial Development	5.0 – 7.5	110 - 115	499	445	45	-
Mrs J Viner Director of Nursing, Professional Practice and People's Experience	10.0 – 12.5	135 - 140	684	570	68	-
Mrs C Bessent Acting Director of Nursing	7.5 – 10.0	105 - 110	597	445	46	-

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 2013/14

Against an increasingly challenging financial environment facing the wider NHS, the trust achieved a small surplus financial position. This small surplus position is prior to the processing of technical adjustments totalling a net £1.6 million. These technical adjustments relate to the impact of impairment charges and reversal of impairment charges against the statement of comprehensive income (SOCl) and arise as a consequence of revaluing property, plant and equipment during the course of the financial year. As explained on the face of the SOCl, these technical adjustments are not included in the continuity of financial risk ratings by Monitor. The overall continuity of financial risk rating for 2013/14 is four on a scale of one to four, with a score of four being the strongest.

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

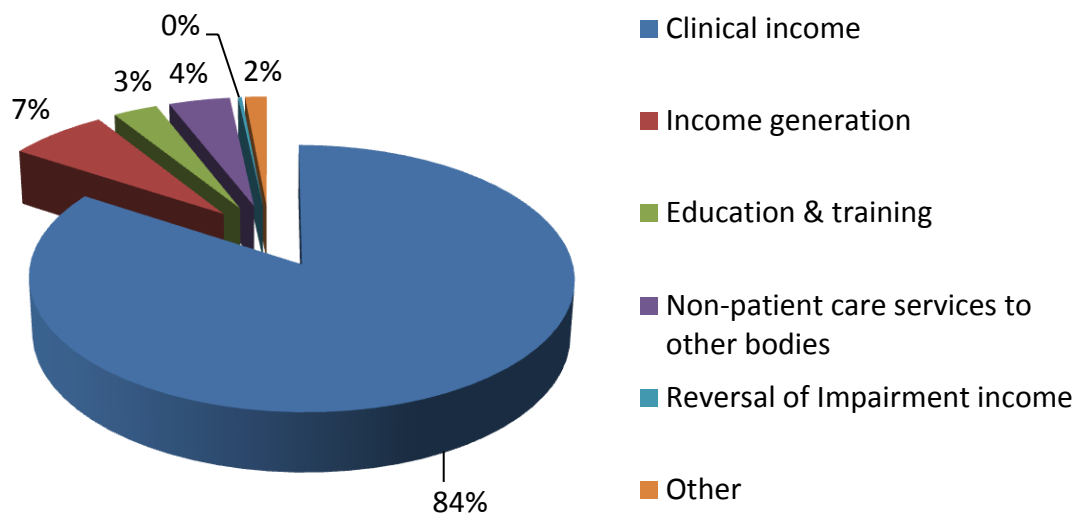
The trust earned £241 million of income during 2013/14 primarily from clinical activities but also received a considerable amount of income from education and training and income generation schemes.

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 mainly 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.

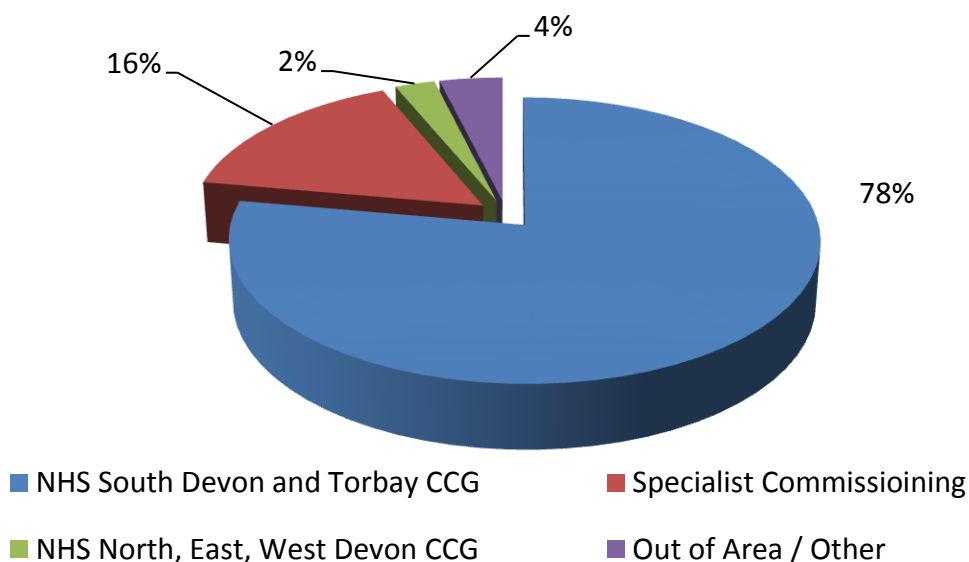
An analysis of the trust's income and expenditure for 2013/14 is shown in the following charts:

Total Income 2013/14 £241.0m

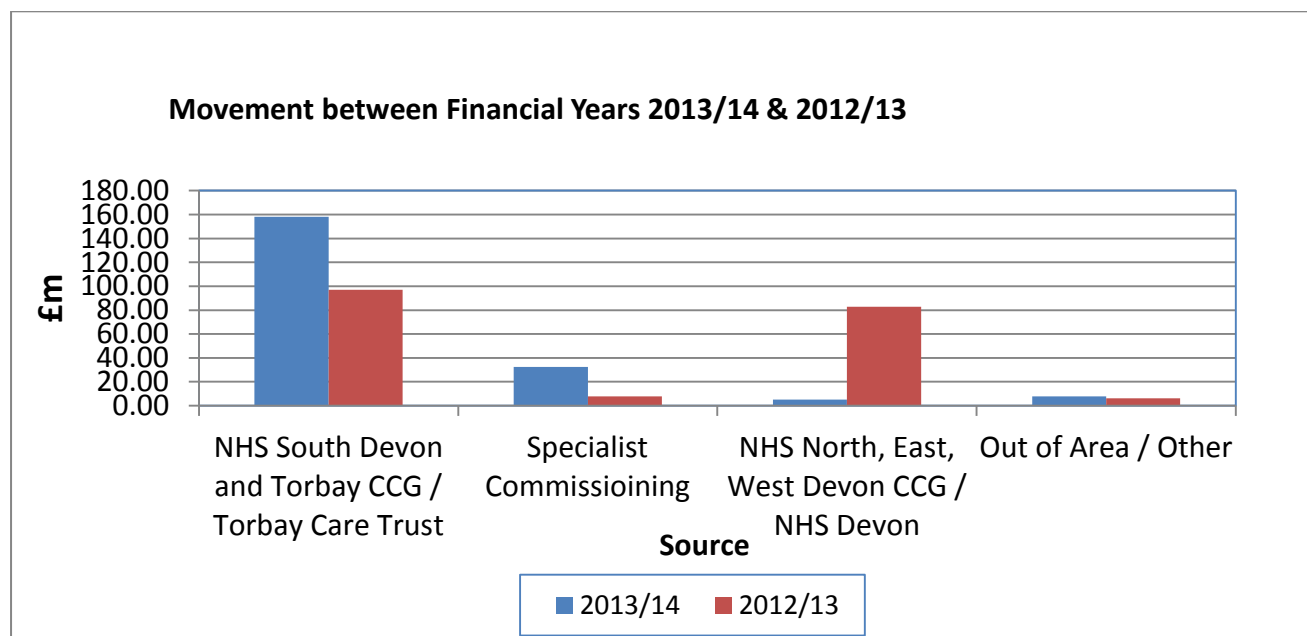


The above chart, 'total income 2013/14 £241.0m', shows the income split by the income type.

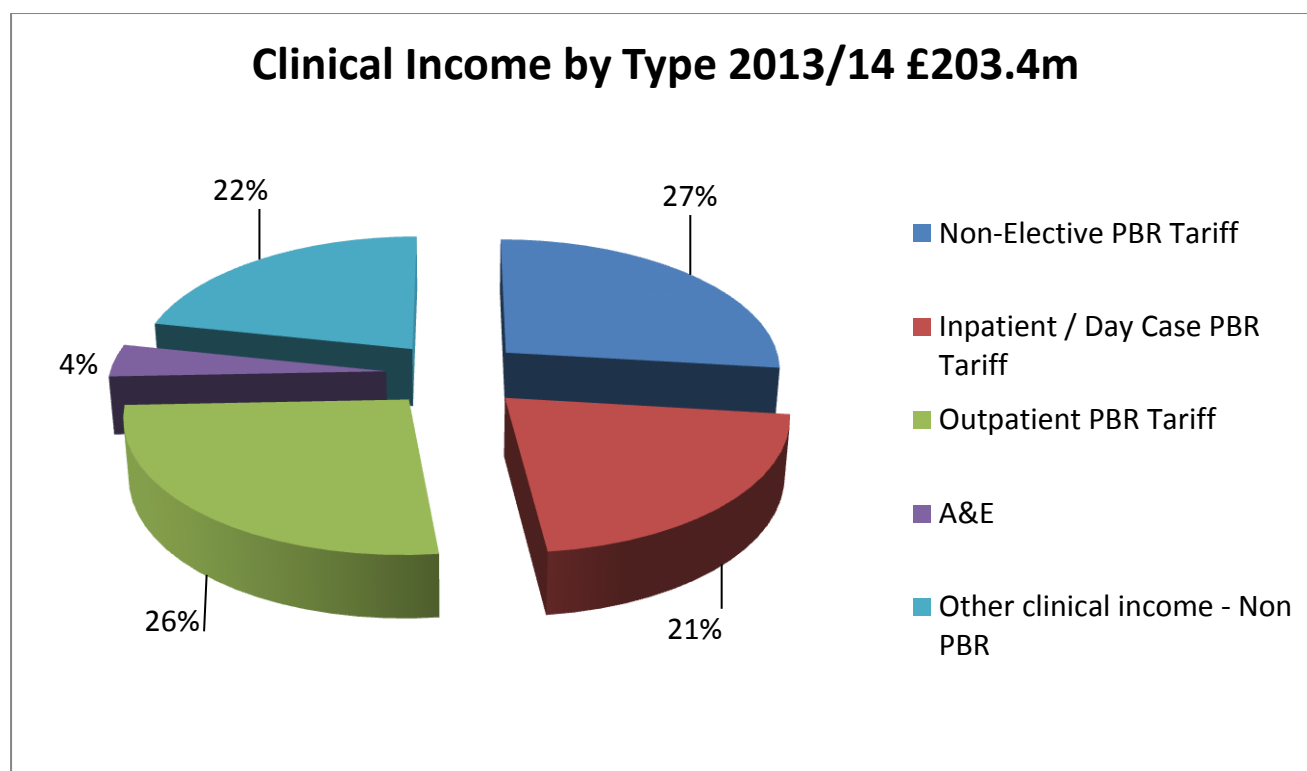
Clinical Income by Commissioner 2013/14 £203.4m



The above chart, 'clinical income by commissioner 2013/14 £203.4m', shows the clinical income split by purchasing commissioner.

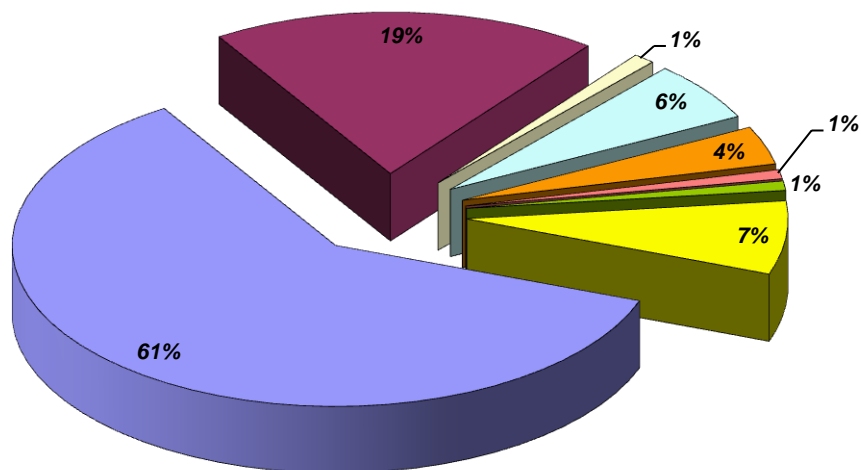


The above chart, 'movement between financial years 2013/14 & 2012/13', shows the total clinical income by commissioner for each of the financial years.



The above chart, 'clinical income by type of activity 2013/14 £203.4m', shows the split of the clinical income by the type of clinical activity undertaken.

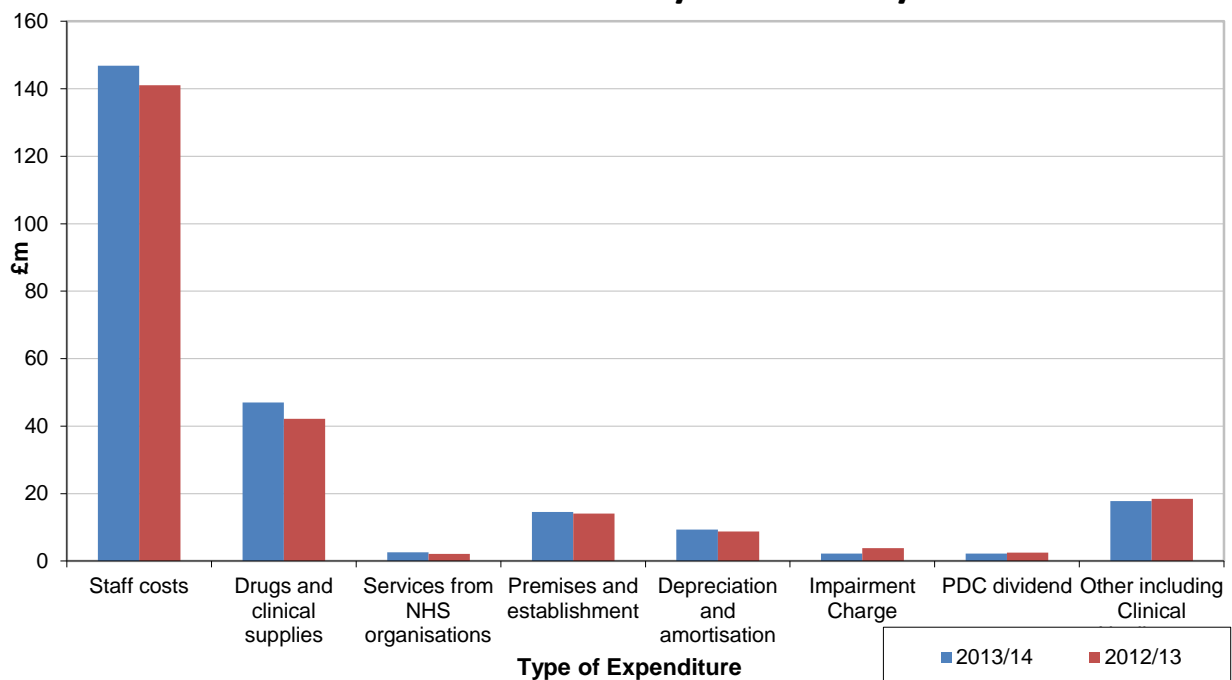
Total Revenue Expenditure (including Impairments) £242.6m



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

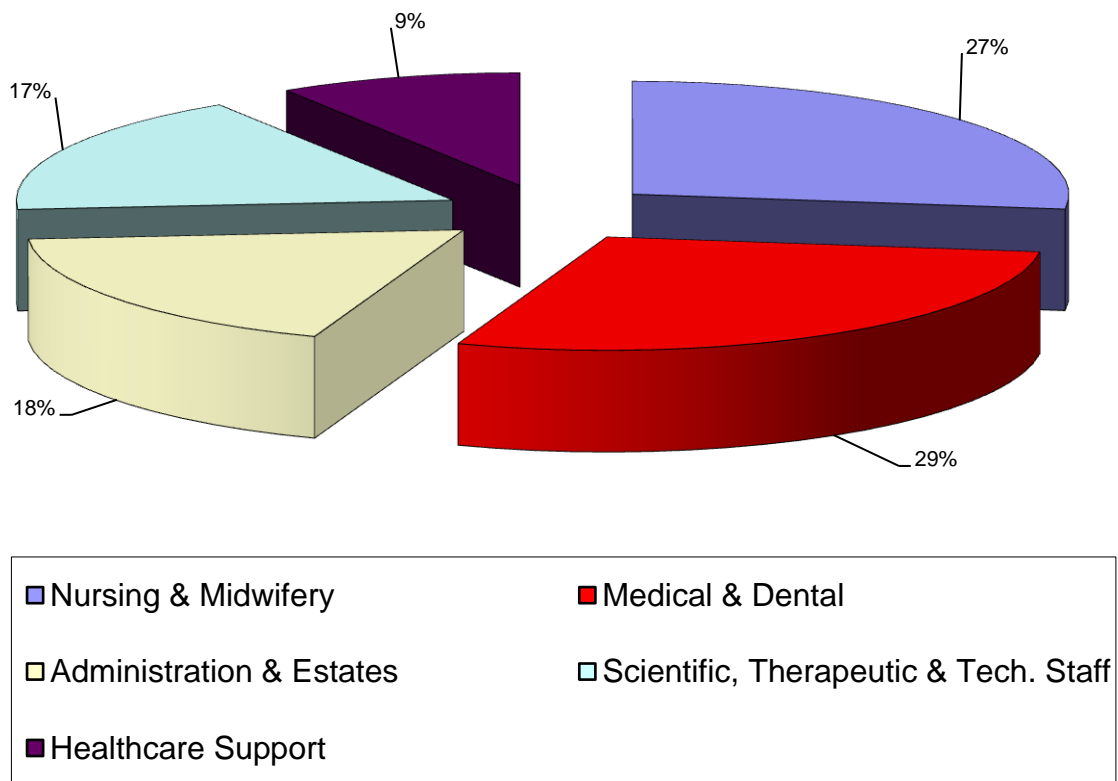
The Above chart, 'total expenditure (including Impairments) £242.6m', shows the split of operating expenditure over the cost types. The largest proportion is staff costs which include doctors, nurses, other clinicians, managers and support staff. Drugs and clinical supplies make up the second largest element.

Total Revenue Expenditure movement between Financial Years 2013/14 & 2012/13

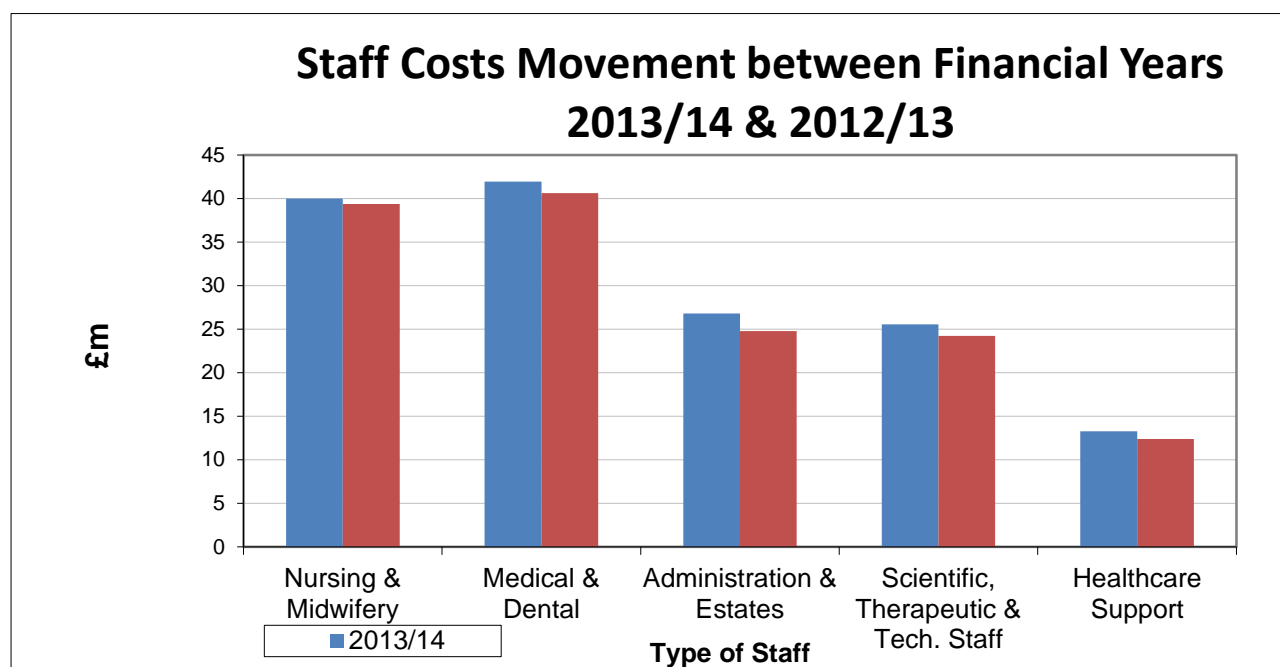


The adjacent chart, 'total revenue expenditure movement between financial years 2013/14 & 2012/13', shows the costs by category for the two financial years.

Staff Costs 2013/14 £147.6m - including capitalised costs



The above chart, 'staff costs 2013/14 £147.6m' shows the split of staff cost across the types of staff used in the delivery of the trust's services. It shows that 82 per cent of staff cost is clinical and only 18 per cent is admin and estates.



The chart above, 'staff costs movement between financial years 2013/14 & 2012/13', shows the staff costs charged in each of the years. A one per cent pay uplift was effective from 1 April 2013. A one per cent uplift to the minima and maxima value of the high cost area supplements was effective from 1 April 2013. Incremental points are applicable as per NHS terms and conditions.

Value for money

As an NHS foundation trust, we focus on ensuring economy, efficiency and effectiveness in the use of resources. We aim to provide the best possible healthcare within available resources. Ensuring value for money in all of the trust's activities is, therefore a fundamental part of our financial strategy. The national tariff, which forms the basis of the funding that NHS trusts receive for the activity they complete, assumes that annual efficiency savings will be made. In 2013/14, the trust estimated that savings of £11.4 million would be required and achieved a total of £11.6 million in the year. The non-recurrent element is over £4m and will carry forward into 2014/15's efficiency challenge.

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 2013/14, the trust continued to invest in its facilities and equipment and carried out capital projects totalling £31.0 million. Part of this capital expenditure has been supported by loans received from the Department of Health's Foundation Trust Financing Facility (FTFF). The loans received are for defined purposes, specifically investment in the infrastructure of Torbay Hospital and to enable the expansion of the trust's Pharmacy Manufacturing Unit (PMU) which supplies pharmaceutical products to both NHS and commercial customers. As at 31st March 2014 a total of £39.3million of these facilities has been drawn down. The trust has also repaid loan principal totalling £1.5m as at 31st March 2014. Therefore the net liability loan liability of the trust at 31st March 2014 totals £37.8m. The Torbay Hospital infrastructure loans have now been drawn down in full. The remaining balance of the PMU loan fund which totals £4.9m will be drawn down as and when the trust incurs future expenditure on this project.

Cashflow

During 2013/14, 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 £16.6 million to £18.5 million during the course of 2013/14.

Financial framework

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

As noted in Part VI of the annual report, the trust's financial performance is monitored by the sector regulator for NHS services in England; Monitor. The trust has achieved a Continuity of Service Risk Rating (COSRR) of four in 2013/14 – in a range of one (weakest) to four (strongest).

Accounting framework

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

Resources management

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

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

Managing risks

Managing risk effectively is a key requirement for all NHS bodies. The trust has an established risk management structure and all its divisions have a risk register highlighting key service risks. The major risks against the trust's corporate objectives are brought together on a board assurance framework and reviewed regularly by the trust Board of Directors, Audit & 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 public sector. Despite the health sector being protected relative to other public sector bodies, the efficiency challenge will increase in the coming years. For 2014/15, the national tariff has reduced by 1.5 per cent on average and this is expected to continue. The trust will therefore need to maintain a strong focus on cost control and achieve significant annual efficiency savings, estimated to be at least four to five per cent per annum to accommodate cost inflation within this environment.

The commissioning landscape has had a year to establish itself. The trust now has one main local commissioner, NHS South Devon and Torbay CCG, other services (including specialist, dental and screening) are commissioned by area teams from NHS England and sexual health services are commissioned by two local authorities. Commissioners have taken different approaches to 2014/15. The local authorities have rolled over the previous contract, NHS England and NEW Devon CCG has agreed a capacity plan including growth at 2014/15 national tariff. The trust is actively engaged in assisting commissioners in achieving a balanced financial position and with this in mind has agreed a risk management strategy aim at stabilising our contract with NHS South Devon and Torbay CCG. The CCG is expecting to agree a managed contract based on the 2014/15 tariff applied to the agreed capacity plan for its services with pass through costs being variable. All other NHS commissioners' contract terms are fully variable. The trust continues to support the redesign needed to secure cost-effective delivery through our local clinical pathway groups, with local general practitioners (GPs) and trust consultants to devise the best clinical pathways for local patients.

Monitor and governors are aware of the trust's long-held intention to pursue integration with Torbay and Southern Devon Health and Care NHS Trust. The trust believes that the integration of care across secondary, community and social care would deliver the best patient experience, improve efficiency and would best underwrite the provision of acute services in Torbay into the future. The business case for integration has been developed and will be finalised in the coming year.

Our budget for 2014/15

Given the financial context outlined above, the budget position for the trust in 2014/15 is extremely challenging, with waiting list activity reductions to deliver and to maintain the referral to treatment target whilst delivering at five per cent cost improvement. With the significant challenge in delivering efficiency savings at the same time as managing non-elective activity at a marginal rate, whilst having to maintain the quality and safety of services, the trust does not believe that it can achieve a surplus in 2014/15. Delivering activity, costs and efficiencies within planned levels will allow the trust to deliver a deficit of £1.9 million.

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

Future spending plans

The trust has developed a long-term financial strategy that includes financial projections up to and including 2015/16; a period during which the trust continues its refurbishment of the hospital site. This will be achieved through the use of cash surpluses and exercising the right to apply to borrow funds in order to provide updated hospital buildings and equipment.

The ability to spend capital funding to improve buildings, equipment and infrastructure beyond 2013/14 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 2014/15 are to start the construction of a new critical care unit, a new 'bunker' for a replacement linear accelerator, investment in continued building maintenance programmes to ensure the trust's premises are fit for purpose; investment in 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 2014/15 is £20.2 million.

Key financial and operational risks

The key financial and operational risks identified include:

- delivering the managed contract with NHS Southern Devon and Torbay CCG;
- progressing the acquisition of Torbay and Southern Devon Health and Care Trust;
- delivering efficiency requirements of the NHS funding settlement;
- 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 implementation of new information technology systems.

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

Although the trust remains subject to the NHS National Acute Service contract, a range of modifications are being agreed locally to minimise the risks of penalties and variation, enabling a joint focus with NHS South Devon and Torbay CCG on delivering real cost reductions across the healthcare system including:

- jointly reviewing variation in pass through drug prescribing; and
- under the NHS National Acute Service contract, financial penalties can still be levied. However, we have agreed that where action plans are in place to address the penalty area, commissioners will either return the funding to the trust or leave funding with the trust to progress the action plan and deliver the target in the agreed term.

SDH Developments Ltd

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

Competitive environment

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

Given the size of the population the trust serves it is unlikely that a significant new service provider will enter the Torbay market and there should not be any major impact on the trust's operations. 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

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the trust's income from the provision of goods and services for the purposes of the health service in England (its 'principal purpose income') must be greater than its income from the provision of goods and services for any other purposes. The ratio of principal purpose income to total income must therefore remain above 50 per cent. This ratio is monitored by the trust board on a monthly basis. For the financial year 2013/14, the ratio was 90 per cent.

	2013/14 £000	2013/14 %
Principal Purpose Income	£217,076	90
Other Income	£23,913	10
Total Income	£240,989	100

Other Income of £23.9m represents 10 per cent of total income. This largely consists of income relating to the supply of support services to other organisations (e.g. internal audit, IT), the supply of services ancillary to the normal operation of a hospital (e.g. car parking, catering, accommodation) and other income-generating activities which have a net financial benefit to the trust. The trust considers that these activities are either complementary or beneficial to its principal purpose activities.

Charitable funds

The South Devon Healthcare Charitable Fund is a registered charity and as such a separate legal entity, established to benefit the patients 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 2013/14, the charitable fund received £1,454K of income. This included funding of £30K from the Torbay Hospital League of Friends for refurbishment of the chapel crosses and other items. Community hospital leagues of friends were also very generous in contributing a total of £125K towards the purchase of equipment at their respective hospitals, including £48K from Teignmouth Hospital League of Friends for a TransRectal Probe.

Torbay Medical Research Fund (TMRF) contributed £45K in respect of various research projects within the trust. Other notable donations included £93K from the Tropical Health & Education Trust for a partnership project in Kenya.

Torbay Hospital benefitted from a substantial legacy from the late Mrs Hilda Hooper Scotton, for the purchase of equipment. £225K of this legacy was received in 2013/14, with a further receipt of around £115K expected in 2014/15. A number of other legacies were received which have benefitted various funds within the Charitable Fund.

Numerous items of medical and other equipment across the trust and community health services were donated, as well as benefiting staff training, 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 1.5) and details of senior employees' remuneration are given in this report – see page 68. To obtain a copy of the full accounts please contact the Director of Finance, South Devon Healthcare NHS Foundation Trust, Regent House, Regent Close, Torquay, TQ2 7AN.

Director Remuneration

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

The banded remuneration of the highest-paid director in South Devon Healthcare NHS Foundation Trust in the financial year 2013-14 was £165,000 - £170,000 (2012-13, £165,000 - £170,000). This was 6.7 times (2012-13, 7.3) the median remuneration of the workforce, which was £24,645 (2012-13, £22,680).

In 2013-14, 14 (2012-13, 12) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £14,294 to £213,924 (2012-13, £14,153 - £203,655).

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

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

Sickness Absence Figures for NHS 2012/13 and 2013/14

Year	12 Months Sickness	FTE	FTE Days Available	FTE Days Lost to Sickness Absence	Average Number of Days' Sickness Absence*
2012/13	4%	3,495	1,218,094	48,673	14.1
2013/14	4%	3,647	1,278,118	47,816	13.7

*per employee

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:

- a) Total FTE days Lost (from ESR absence timeline report).
- b) Total staff years (total available FTE / 365 from the same report).
- c) 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. The trust reported two incidents regarding data breaches to the Information Commissioner during 2013/14. The conclusion of the Information Commissioner's Office to their investigation of both incidents was that there was no regulatory action taken against the trust as neither breach met their Data Protection Regulatory Action Policy.

Any other incidents recorded during 2013/14 were assessed as being of low or little significant risk.

Counter fraud

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

Counter fraud arrangements are reviewed annually by the local counter fraud specialist who is employed by Audit South West. During 2013/14 a total of 121 days were provided to the trust; 90 days of proactive work and 31 days of reactive work. 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.

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 57 to 60, under Board of Directors. The committee has been chaired by a non-executive director, Mr John Brockwell (from 1 April 2012). The trust's chairman and chief executive both have rights of attendance at the Audit and Assurance Committee. The chairman and one other non-executive director are also members of the Risk & Assurance Integrated Governance Group which keeps the principal risks to the trust's achievement of its objectives under constant review. The audit chair regularly attends the Risk and Assurance Integrated Governance Group as an observer. The committee is the senior sub-committee of the board and its role is central to the organisation's governance. The committee is responsible for scrutinising the risks and controls which affect the organisation's business and for ensuring that appropriate assurance is in place when reviewed against the trust's corporate objectives.

During 2013/14, the committee has reviewed the trust's risk management and governance arrangements and undertaken a number of reviews of major areas of activity including the Care Quality Commission regulations, charitable funds, duplicate payments, information governance, main accounting system, information assets owners business continuity and disaster recovery planning, nursing rostering and use of bank and agency staff, medial physics IT review, service line reporting, implementation of the accident and emergency system, estates (tenders and quotes), acquisition of healthcare services, integrated care organisation transition programme board phase one, review of recently completed IT projects, post implementation of theatres three and four and banking, cashiering and cash flow management. All the reviews were conducted by internal audit using a risk-based approach.

The external auditors focused on the quality report, internal audit's processes in line with ISA requirements and three-year strategic internal audit plan 2011/14, audit of the overall computer environment, fraud and financial accounts.

Auditors' appointment

At its meeting on 23 October 2013 the Council of Governors agreed to reappoint PricewaterhouseCoopers (PwC) to undertake the audit of the trust's annual accounts for a further three years, subject to the agreement of an acceptable audit fee by the Director of Finance, Performance and Information, and subject to the conduct of the 2013/14 external audit being to a satisfactory standard.

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

Statements

Statement of Accounting Officer's Responsibilities

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

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

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

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

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

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable 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



John Lowes
Interim Chief Executive

Date: 28 May 2014

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 2014 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 and then the acting chair from February 2014), all executive directors and divisional leads*, supported by the company secretary, governance lead and patient safety lead. The Risk and Assurance Integrated Governance Group manages the risk and assurance framework. In addition, the executive directors have in place a process whereby all significant risks to the achievement of divisional and directorate objectives, Monitor governance and compliance requirements and Care Quality Commission regulations are kept under review.

*Divisional general managers are responsible and accountable to the interim director of operations 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-organisational support network. Executives and non-executives are provided with risk management training on an individual basis or collectively at board seminars.

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

4.0 The management, risk and control framework

4.1 Risk and controls framework

Risk is managed at all levels of the trust and is co-ordinated through an integrated governance framework consisting of five workstreams covering patient safety, patient experience & 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, which includes discussion and review of the five workstreams and directorate risk management and assurance registers. Any risk identified by a directorate, division or executive lead as likely to impact adversely on organisational objectives, will be taken to either the 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 consequence scores of five will be brought through the exception reporting process and managed by the trust Board of Directors. In addition, risks with inherent consequence scores of four are listed for information and appropriate challenge at the Audit and Assurance Committee / Board of Directors. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Risk and Assurance Integrated Governance Group only when there are adequate control mechanisms in place and a decision has been made that the risk has been managed as far as is considered to be reasonably practicable. Risks scored below this level are managed by the relevant divisional board or workstream.

One example of where risk management is integrated into core trust business is in relation to the quality report. The trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. The trust arranged an engagement meeting early in the new year to take into account the views of our key

stakeholders and governors before agreeing the priority areas for 2013/14. These priorities were then signed off by the trust board and are then managed in accordance with our internal risk management process. An external audit review is undertaken on the quality report during May each year resulting in an independent auditor's limited assurance report on the annual quality report that can be found on page 166.

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

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

4.2 Major risks

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 good working relationships with key players, notably the GP commissioning leaderships, Torbay & Southern Devon Health & Care NHS Trust and the local authorities impacting on the trust's ability to deliver the integration agenda	4 / 3	<ul style="list-style-type: none"> - Integrated Care Organisation (ICO) delivery programme with project initiation documents etc. confirmed by the two provider trusts and the ICO programme board; - ICO workstreams and terms of reference reporting to programme board with membership from both trusts and local clinical commissioning group; - Regular meetings between the chairs and chief executives of both provider trusts and local clinical commissioning group; - One board member from Torbay & Southern Devon Health & Care NHS Trust invited to all public/private foundation trust board meetings and vice versa; - Joined Up Health and Care meetings; - Governors kept informed at all stages in the process. 	1. Full ICO business case supported by key stakeholders, submitted to Monitor no later than 1 October 2014.

Governance Risk Description	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
		- Councils, partnership trusts, clinical commissioning groups and other stakeholders involved in the process to help governors appoint a new chair of the foundation trust.	
Maintaining effective governance structures in respect of board level positions	4 / 2	- Effective recruitment processes supported by policies and procedures; - Use of executive search agencies; - Interim appointments where appropriate; - Governors kept informed at all stages in the process.	- Senior board positions filled.
Maintaining safety and quality care whilst delivering a challenging financial target	4 / 2	- Action 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; - Joined Up Health and Care Meetings - Quarterly reporting to Monitor; - Impact assessment for all savings programmes undertaken by medical and nurse directors	- 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 especially partner resources that are increasingly limited	4 / 3	- JoinedUp Health and Care Cabinet; - Board to board meeting with both commissioner and partner provider organisations; - Focus on partnerships / relationships within workstream two; - Workforce, estates and financial models, capacity plan; - workstream three - finance; - Understanding of operating framework / changes to the risk assessment framework and impact of local (contractual) agreements; - Chief executive / interim chief executive 1:1s with local health and care trust,	- On track with key performance indicators across all workstreams.

Governance Risk Description	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
		clinical commissioning group and local authorities; - Medical director chairing on the JoinedUp Health and Care Cabinet.	
Delivery of the estate strategy to develop 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; - PLACE (Patient-Led Assessments of the Care Environment); - 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; - Divisional performance management process; - Commissioner performance review.	- 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 2014/15	4 / 2	- Completion of business plan for 2014/15; - Programme management function - Monitoring by CIP board / workstream three and Board of Directors.	- Development of plans to release efficiency savings agreed by trust Board of Directors.

i. 5 = worst ii. 5 = most likely

4.3 Compliance with NHS pension scheme regulations

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

4.4 Care Quality Commission (CQC) declaration

There were no formal visits undertaken by the CQC during 2013/14, however, they did carry out a desk-top review on nutrition; medical devices; and complaints and were satisfied with the evidence provided. At 31 March 2014, the foundation trust remains fully compliant with all registration requirements. In respect of the CQC's intelligent monitoring report, which is the CQC's new quality risk profile the trust remains at band six (on a scale of one to six, with six being the lowest risk), along with only 34 other trusts in the country.

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

During the year the trust reported two never events immediately following a surgical procedure involving the use of an incorrect implant/prosthesis as defined by the Department of Health (DH) never events framework 2013/14. The default settings of a machine used to pre-operatively measure a patient's eye before cataract surgery had been changed, causing incorrect recordings being entered onto four patients' notes. By the time the error had been noticed four patients had received cataract operations with incorrect measurements being used. Three of the four patients were initially happy with their outcomes, however two of the four patients have now opted for surgery to rectify the problem resulting in two never events. The trust conducted detailed and immediate root cause analysis following both incidents that resulted in comprehensive action plans being put in place. Both incidents were reported to the trust's commissioners, CQC, Trust Development Authority via STEIS (Strategic Executive Information System) and the trust Board of Directors. In January 2013 the medical director presented a complete review of the trust's practices, policies, procedures, assurance, monitoring systems and feedback mechanisms in relation to each never event. This was finalised and approved in-year and will provide good assurance to the board for the foreseeable future.

4.5 Compliance with equality, diversity and human rights legislation

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

The trust is committed to providing an inclusive and welcoming environment for our patients, staff and visitors and is working hard to mainstream equality, diversity and human rights into our culture. The chief executive (interim chief executive from February 2014) is the senior responsible officer for the equality delivery system and was the national equality lead for NHS England until February 2014.

Performance is monitored via the Equality, Diversity and Human Rights Group who report through workstream four – Human Resources and Educational Governance. The group meets every three months to review and report progress on the trust's equality and diversity action plan. The chairman (acting chair from February 2014) 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. These include any negative impacts from equality impact assessments and an annual diversity report which will include workforce data profiled by diverse strand and pay bands, and progress against the equality and diversity action plan. Equality impact assessments can be found on the trust's website.

During the year an employment tribunal, in upholding a claim that two members of staff suffered detriment associated with their making allegations under the trust's whistleblowing policy, made comments critical of the trust and a number of its directors. This resulted in the chairman and vice-chair resigning, and the suspension of the chief executive and director of workforce and organisational development by the remaining non-executive directors. The issues raised under the whistleblowing policy related to allegations of favouritism in a recruitment process undertaken by the chief executive and in which she failed to declare a personal relationship with the appointed candidate.

As at the 31 March 2014, a formal process established to investigate concerns raised regarding the chief executive and director of workforce and organisational development remains ongoing. The trust has, however, updated its whistleblowing policy and processes. The trust has also commissioned an external review of its recruitment and whistleblowing policies and their application. The Board of Directors intends to conduct a full governance review in line with the new Monitor guidance in 2014/15.

The trust has a three-year rolling equality and diversity action plan which is updated annually and is reported via workstream four to the trust Board of Directors. The trust recently reviewed and updated the action plan with any on-going actions being carried forward into 2013/14.

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

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

The foundation trust has undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on United Kingdom Climate Impacts Programme (UKCIP) 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

Sustainability is a regular item on the agenda for our Board of Directors, and the trust's progress will be regularly reported to staff and members of the public. The trust's sustainability strategy was approved by the trust Board of Directors in March 2011.

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

4.7 Compliance with the NHS litigation authority

During the year the NHS Litigation Authority (NHSLA) informed the trust that it would no longer be undertaking assessments of trusts to ascertain risk levels, but would form an opinion based on the number of claims made and levels of payments. The NHSLA had recognised that there was a level of duplication in its assessments, and that the data it required was already collected for other assessments such as the CQC.

For NHS foundation trusts within the NHSLA clinical negligence scheme, all claims are recognised in the accounts of the NHSLA. Consequently, the NHS foundation trust will have no provision for clinical negligence claims. The NHSLA will provide a schedule showing the claims recognised in the books of the NHSLA on behalf of the NHS foundation trust. This will be disclosed at the foot of the main provisions table.

Maternity Services achieved Clinical Negligence Scheme for Trusts (CNST) level three for the maternity Clinical Risk Management Standards, the highest level of the NHS Litigation Authority's stringent standards to improve the safety of women and their babies. Achieving level three means a reduction of 30 per cent for the maternity element of the trust's CNST contributions.

4.8 Compliance with information governance requirements

Risks to information are managed and controlled by applying a robust assessment against the evidence collected as part of the national information governance toolkit return. The trust reported two incidents regarding data breaches to the information commissioner during 2013/14. The conclusion of the information commissioner's office to its investigation of both incidents was that there was no regulatory action required against the trust as neither breach met their Data Protection Regulatory Action Policy. Any other incidents recorded during 2013/14 were assessed as being of low or little significant risk. In accordance with the 2013/14 Monitor risk assessment framework, the trust was able to declare level two compliance against the information governance toolkit requirements by 31 March 2014. A new action plan will be created to deliver improvements against the 2014/15 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

4.9 Annual quality report

The directors are required under the Health Act 2009 and the National Health Service (quality accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports which incorporate the above legal requirements in the NHS foundation trust annual reporting manual.

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

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

All staff are responsible for the accuracy, completeness, timeliness, integrity and validity of their data. Data entry training encourages 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 implemented.

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

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 13,000 foundation trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes.
- Clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of clinical services and reported to the Board of Directors. The performance report details any variances in planned performance and key actions to resolve them plus the implementation in a timely fashion of any external recommendations for improvement e.g. external audit. There is also a performance management regime embedded throughout the trust including weekly capacity review meetings, executive reviews of services, budget review (undertaken monthly) and regular work to ensure data quality.

- Robust arrangements for managing financial and other resources are in place through workstream three (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 the delivery of value for money. The trust continues to develop its service line reporting data to ensure services are being provided as efficiently as possible and any surpluses generated by the trust are reinvested back into patient care. For procurement of non-pay related items the trust has a clear procurement strategy and collaborates with other NHS bodes to maximise value through the NHS South West Peninsular Procurement Alliance.

6.0 Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this Annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit & 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 person-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, the internal audit plan, which links to the trust's objectives and the Care Quality Commission outcomes, internal audit's processes in line with ISA requirements, IT audit of key systems supporting the financial reporting process, fraud and financial accounts.
- Internal audit, who have conducted reviews against the Care Quality Commission regulations, charitable funds, duplicate payments, information governance, main accounting system, information assets owners business continuity and disaster recovery planning, nursing rostering and use of bank and agency staff, medial physics IT review, service line reporting, implementation of the accident and emergency system, estates (tenders and quotes), acquisition of healthcare services, integrated care organisation transition programme board phase one, review of recently completed IT projects, post implementation of theatres three and four and banking, cashiering and cash flow management. Reviews are conducted using a risk based approach and in addition they have annual reviews of the trust's risk management and governance arrangements.
- Head of Internal Audit Opinion Statement which states that:
Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

7.0 Conclusion

No other significant internal control issues were identified.

Signed



John Lowes
Interim Chief Executive

Date: 28 May 2014

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 2014 the South Devon Healthcare NHS Foundation Trust complied with all the provisions of the code of governance published by Monitor in 2014.

Going concern

Under international accounting standard one the board is required to consider the issue of going concern. The board has 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



John Lowes
Interim Chief Executive

Date: 28 May 2014

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: Communications Officer, 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 advice on 111.

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Quality Report for 2013/14

About this document

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

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

Our 2013/14 quality account is an annual report of:

- How we have performed over the last year against the quality improvement priorities which we laid out in our 2012/13 quality account.
- Statements about quality of the NHS services provided.
- How well we are doing compared to other similar hospitals.
- How we have engaged staff, patients, commissioners, governors, Healthwatch and local Overview and Scrutiny Committees (OSCs) in deciding our priorities for the year.
- Statements about quality provided by our commissioners, governors, OSCs, Healthwatch and trust directors.
- Our quality improvement priorities for the coming year (2014/15).

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

Do you need the document in a different format?

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

Getting involved

We would like to hear your views on our quality account. If you are interested in commenting or seeing how you can get involved in providing input into the trust's future quality improvement priorities, please contact susan.martin@nhs.net or telephone 01803 655701.

Part 1

Introduction and statement of quality from the interim chief executive	23
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Part 2

Priorities for improvement - looking back 2013/14	106
- looking forward 2014/15	117
Statements of assurance from the board	123

Part 3

Our performance in 2013/14	154
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Annex 1

Engagement in the quality account	157
Statements from commissioners, governors, Devon Health and Wellbeing Scrutiny, Torbay Council Scrutiny Board, Torbay Healthwatch, Devon Healthwatch	
Statement of directors' responsibilities in respect of the accounts	

Annex 2

CQUIN performance 2013/14	164
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Part 2: Priorities for improvement

Looking back: 2013/14

In our 2012/13 quality account we reported that we would focus on five priority areas for quality improvement in the period 2013/14. These were all locally agreed priorities based on national best practice and best clinical evidence.

Patient safety

Priority 1: To reduce the prevalence of hospital acquired pressure ulcers

Pressure ulcers, sometimes known as bed sores or pressure sores are a type of injury that breaks down the skin and underlying tissue. They are caused when an area of skin is placed under pressure with another area of skin over a short period of time, or when less pressure is applied over a longer period of time.

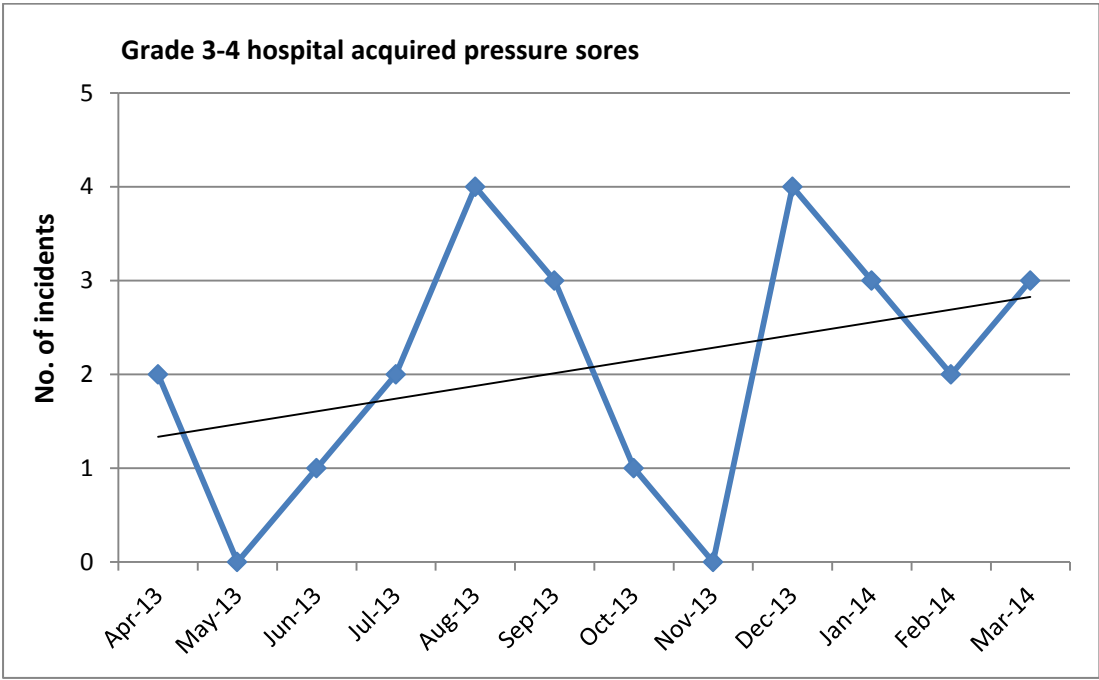
This pressure disrupts the flow of blood through the skin. Without a blood supply, the affected skin becomes starved of oxygen and nutrients and begins to break down, leading to an ulcer forming. These ulcers are classified according to their severity, grade 3 and grade 4 being the most severe.

Pressure ulcers tend to affect people with health conditions who have difficulty moving, such as people who are lying in a bed or sitting for prolonged periods of time. It is estimated that about half a million people in the UK will develop at least one pressure ulcer in any given year. This is usually people with an underlying health condition. For example, around one in 20 people who are admitted to hospital with a sudden illness will develop a pressure ulcer. For this reason pressure ulcers are taken very seriously

We have a range of ways to prevent pressure ulcers from developing including undertaking a regular assessment and changing a person's position to alleviate pressure build-up. We offer nutritional assessments to ensure adequate food intake and additional protein supplements are also available.

We use equipment to protect vulnerable parts of the body. The Trust has invested in ensuring that 100% of its beds are electric, making them easily adjustable, and all have special mattresses. We also have pressure-relieving equipment such as cushions and heel protectors. In addition our staff are supported with training packages and videos to ensure they are highly trained in the detection and prevention of pressure

We also record the number of hospital acquired pressure ulcers via internal incident reporting and through the Department of Health’s Safety Thermometer. The chart below is a record of the hospital acquired grade 3 and grade 4 pressure ulcers for the period 2013/14 recorded on our internal incident reporting system.



There have been in total 25 grade 3 and grade 4 over the last 12 months. This equates to 1.8 pressure ulcers per 10,000 bed days.

Although we have seen a slight increase in reported incidences, despite all the improvement work undertaken, this can be explained in part by increased pressure ulcer reporting which we have been encouraging in 2013/14.

Unfortunately, even with the highest standards of care, it is not always possible to prevent pressure ulcers, particularly in vulnerable people.

In 2014/15 in order to drive change more, we have recently joined the local Pressure Ulcer Collaborative with the aim of reducing the number of hospital acquired pressure ulcers and reducing the risk of pressure ulcers across our local care system.

Clinical effectiveness

Priority 2: Rollout 'enhanced recovery in medicine' onto three medical wards within the hospital

Enhanced recovery in medicine is a new approach to caring for patients admitted as a medical emergency to Torbay Hospital. This approach involves patients and their families/carers in decisions about their care to ensure our patients leave hospital safely and at the right time. Key to enhanced recovery in medicine is that patients are partners in their own care. This helps patients get better sooner and improves the experiences of patients, families and carers.

The principles of enhanced recovery include:

- ✓ Drinking plenty of fluids and energy drinks to keep hydrated and boost calorie intake.
- ✓ Getting dressed in day clothes rather than nightwear to maintain dignity and regain independence.
- ✓ Getting up as soon as possible to prevent muscles weakening through lack of use.
- ✓ Being involved in plans to ensure everything is in place for leaving hospital.
- ✓ Discussing prescribed medication with the pharmacy team to ensure patients get the optimum benefit from the medication.

Following a successful pilot on two emergency assessment unit wards in 2012/13, the programme has been rolled out to a cardiac and respiratory ward (Dunlop) and two elderly care wards (Cheetham Hill and Simpson)

The hospital has, as a result of the improvement work, invested in a stock of day clothes for patient use if they do not have relatives, friends or carers to bring in day clothing for them. This initiative has supported patients to get up and about earlier, prevent muscle weakness and improve their privacy and dignity.

On one ward, before the project started, less than 10% of patients were out of bed and dressed in day clothes. After the enhanced recovery principles were adopted, an average of 45% of patients were up and about sooner and dressed in day clothes

All patients on the enhanced recovery in medicine wards are offered an energy drink on a daily basis to boost their calorie intake. Between 50%-60% of our patients accept the drinks on a daily basis.

Patients are now offered the opportunity for their carer/principle family member to attend the morning consultant ward round. This enables joint care planning and decision making between the patients, carer and healthcare professionals, improving the patient's experience of being in hospital and enabling a smooth discharge from hospital.

For staff as well as patients, carers and families, this new approach has been beneficial:

"It has helped us to change the way we look after patients so that the inevitable anxiety and stress of an emergency admission is reduced as much as possible. The whole care team, including doctors, nurses and therapists, are enthusiastic about the project, which promises to change our values to embrace a more patient-centred approach."

Nurse

"Outstanding care. My mother was encouraged to sit rather than lie in bed and to wear her own clothes. The consultant explained everything. They were all professional. They smiled and their mannerisms put me at ease."

During 2014/15 the aim is to continue to embed these principles into the wards that have already started to apply enhanced recovery in medicine.

We also plan to roll out enhanced recovery in medicine scheme to all remaining appropriate medical wards. The trust Enhanced Recovery Group will oversee and monitor this project.

Priority 3: Implement the integrated heart failure service

In the UK, heart failure accounts for a total of 1 million inpatient bed days and 5% of all emergency medical admissions to hospital. Hospital admissions due to heart failure are projected to rise by 50% over the next 25 years largely due to an ageing population, improved survival of people with heart disease and more effective treatments for heart failure.

Over recent years the hospital has participated in the national audit of patients admitted with heart failure. Although this and previous peer reviews of our heart failure services has attracted praise there is certainly more we could do to improve the situation.

In June 2013 the trust appointed five heart failure nurses to identify and care for patients across our health and social care community. Our heart failure nurses are unique in the UK as they work across the hospital and the community and provide seamless integrated care for these patients and their families.

In its first year, this new service has already:

- ✓ Improved early diagnosis.
- ✓ Increased cardiology input and multi-disciplinary care.
- ✓ Provided better treatment.
- ✓ Improved patient education.
- ✓ Improved planned discharge.
- ✓ Improved hospital coding.
- ✓ Improved follow-up of these vulnerable patients.

For example:

	Pre-integration 2013	Post-integration 2014
Seen by cardiologist	48%	74%
Seen by heart failure specialist	81%	88%
Readmissions	25%	21%
Heart failure follow up appointments	28%	65%
Echocardiogram	72%	80%
Left ventricular systolic dysfunction (LVSD) treatments		
<i>ACE/ARB</i>	62%	95%
<i>B-Blockers</i>	50%	81%
<i>MRA</i>	50%	54%

Green=better
than national
average

We have asked our patients about the new service and they have told us:

Heart failure patient – 68yrs old

‘Nurses explain symptoms and treatments in simple terms. They are flexible with appointments and friendly and approachable’

Heart failure patient – 79yrs old

‘Very caring. Brilliant that the nurse can visit me at my home at my convenience’

In addition the trust is testing a pioneering tele-health project to identify those patients showing signs of deteriorating health at home. The pilot was started in September and will run initially for 12 months. Over 80 patients from our community have been enrolled on the scheme so far.

The success of the scheme will be measured on improved self-management of the condition and a reduction in avoidable hospital admissions.

Within the next year we aim to:

- Introduce a blood test to help identify patients earlier with heart failure who come into hospital.
- Set up heart failure clinics in every community hospital.
- Help GPs validate their heart failure registers within their own practices.

Over the next few years we hope that our unique integrated heart failure service, led by our cardiology team, will develop further both within Torbay Hospital and across the community and act as a model for others on how to provide the best care for patients with heart failure.

Patient experience

Priority 4: Continue to improve end of life care provision in Torbay Hospital.

The provision of high quality end of life care continues to be a priority for Torbay Hospital. In 2013/14 we aimed to build on the foundations laid in the national 'Routes to Success in End of Life Care in Acute Hospitals' project in which Torbay was a pilot site.

In 2012/13 the project identified that attendance of ward staff at the Enhanced Palliative Care Skills Course at Rowcroft Hospice was valuable in increasing awareness and confidence in delivering end of life care in hospital, as well as improving links and communication with community staff. (See 2012/13 quality account for more information at <http://www.sdhct.nhs.uk>) Since the original five nurses completed the course, a further three staff have attended this training.

The ward nursing staff involved in the project have continued to be supported and mentored by the hospital palliative care team and have helped shape the proposed improvements for end of life care in the hospital by giving a ground level view of the measures.

The hospital palliative care team has continued the rolling programme of ward-based education for end of life care to maintain knowledge and skills of frontline staff.

"Mum's case was complicated but the care, kindness and support given to Mum at this time when she was being given difficult news was outstanding."

Patient's daughter

In response to the national planned withdrawal of the Liverpool Care Pathway in July 2014, the local End of Life Care Pathway Group has been developing new measures to support good end of life care into the year ahead and beyond.

This 'bundle' of resources includes:

- Clinical guidelines for good end of life care.
- Nursing care plan for dying patients.
- Prescribing guidance for symptom control.
- Standards for care of dying patients in the hospital setting.
- An audit tool.
- Patient/carer information.



The measures will be launched across the whole healthcare community in early 2014. The aim of these measures is to support staff to work together with patients and families to develop tailored plans of care to best meet the individual's needs.

The resources are underpinned by an emphasis on good communication with patients and families and standards which can be audited to monitor the quality of care provided. The trust End of Life Care Group will oversee the implementation and monitoring of these new measures.

In 2014/15 we will also undertake a quality improvement project on our bereavement services and signposting for families and carers who have been bereaved. The details and measures can be found in the next section of the quality account as this will be a 2014/15 trust-wide quality improvement priority.

Priority 5: Test the cost-benefit of employing ward clerks during the evening and weekends.

Ward clerks are an integral part of the ward team and undertake a range of administrative tasks to support the doctors, nurses and allied health professionals going about their daily work to care for patients.

Currently, with the exception of the A&E department which is staffed seven days a week, most ward clerks work Monday to Friday between 8.30am and 4.30pm. We know that demand for healthcare is rising. Administrative work does not stop at weekends or in the evenings as health care is a 24/7 service.

Over the last 12 months we have been running a pilot Sunday multidisciplinary ward round to ascertain the value of an additional ward round. This includes assessing whether there is improved continuity of care and increased discharges.

The 22 week pilot is due to finish at the end of spring 2014. The findings so far include:

- It is helpful to have a ward clerk supporting the additional ward round to undertake the range of administrative tasks.

- The ward clerk is more efficient if it is their 'home' ward as they are familiar with the teams they are working with and the ward processes.

An activity analysis of ward clerk work is due to start in May 2014. The results of this will supplement the findings of the pilot. The trust will then review the ward clerk post forward to ensure that the ward teams are effectively supported seven days a week.

Continuous quality improvement in 2013/14

In our last year's quality account 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 that quality improvement is a continuous cycle. Below is a snapshot of our progress from a number of our continuous quality improvement programmes reported to the board, including Commissioning for Quality Improvement and Innovation (CQUIN), a payment framework which enables commissioners to reward excellence by linking a proportion of the trust's income to local quality improvement goals.

CQUINs 2013/14

The trust has been involved in delivering nine CQUIN goals covering safety, clinical effectiveness and patient experience. Some of these goals are nationally mandated whilst others are locally agreed

A breakdown of the 2013/14 CQUINs can be found in annex 2. Two key goals described in more detail are:

Friends and Family Test

The Friends and Family Test was introduced nationally in 2013 by the Department of Health to enable patients to give feedback on the quality of care they have received by answering a simple question – 'would they recommend the ward, A&E or maternity services to their friends and family?'

During 2013/14 the trust has worked hard to set up and embed the friends and family test. Patients receive a questionnaire on discharge, have the opportunity to complete it anonymously and then return it by post or by dropping it into a friends and family post box located in different parts of the hospital.

The trust analyses the returns reporting the results both internally and externally. We aim to increase the number of returns as the process becomes more embedded into the organisation and patients become more aware of the importance of the test.

Over the last 12 months over 8,000 people have responded to the test. The majority of patients have responded that they are likely or extremely likely to recommend us to friends and family if they have treatment. Taking February as an example, the feedback is very positive:-

‘How likely are you to recommend our ward to friends and family if they needed similar care or treatment?’	
Ward	% of respondents said that they were: - extremely likely or likely to recommend us
Accident & Emergency	89%
Ainslie Ward	75%
Allerton Ward	100%
Cheetham Hill Ward	93%
Coronary Care Ward	100%
Cromie Ward	93%
Dunlop Ward	90%
EAU3 Ward	100%
EAU4 Ward	94%
Ella Rowcroft Ward	98%
Forrest Ward	93%
George Earle Ward	82%
Louisa Cary 16+ Ward	100%
McCallum Ward	100%
Midgley Ward	100%
Simpson Ward	93%
Turner Ward	100%

“I found my treatment excellent. The way the doctors and staff explain what you are about to experience, puts your mind at rest, and I found I was able to be quite relaxed. Full marks to the NHS and your hospital. Thank you.”

Cromie Ward

“Had the best care and treatment I could have possibly needed. Staff are lovely, from the nurses to the domestics sweeping the floors.”

Cheetham Hill Ward

“Found staff very helpful and courteous. Doctor in attendance was thorough and very informative. Experience very positive.”

A&E

“Looked after me and baby well gave lots of advice. Answered all my questions were nice and friendly.”

Maternity, Post-natal .

We also act on comments received by sharing positive and negative feedback with the ward teams from the friends and family test, letters and comments received as well as responses from our weekly patient survey.

To ensure patients, families and carers are aware that we do listen to feedback we have instigated a ‘you said, we did’ campaign.

You said: ‘Some of the wards are noisy at night’

We did: ‘Changed some of the noisy equipment and undertook observations of care to understand more of the issues’

Objective 2014/15: Friends and Family Test

In 2014/15 we will continue to focus on improving the response rate of our Friends and Family Test in A&E and on the wards. By the end of 2014/15 we aim to have improved our response rate from 6% to 20% in A&E and from 25% to 30% on our wards. We will also implement the test in new areas including outpatients. We are currently working with Healthwatch to see if we should develop an 'app' to help patients complete the question. We will continue to act on the feedback received.

Dementia

South Devon and Torbay has a higher proportion of older people than the national average. Currently 25% of the population is aged 65 or over. The elderly proportion of the population continues to grow and is estimated to increase to 30% by 2025.

With an older population, conditions such as dementia are more prevalent. Locally there is estimated to be about 5,000 people with dementia. Over the last year the trust has designed a new screening tool to enable us to identify patients over 75 who are admitted as an emergency who may have dementia. Alongside this tool, we have a comprehensive dementia educational programme and a clinician providing the leadership to ensure this tool to find, assess and refer patients is embedded into the organisation.

Implementing this tool trust-wide has been a significant challenge. Currently over 1000 patients who are over 75 and admitted as an emergency need to be screened monthly. Whilst we have made good progress in ensuring that once screening has started patients are assessed and referred, we still need to develop a reliable system to ensure all appropriate patients are screened initially.

Dementia*	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Find	36.19%	37.21%	38.21%	28.87%
Assess	15.27%	63.82%	57.75%	77.78%
Refer	57.14%	46.67%	100.00%	100.00%

**Dementia national target for find, assess & refer is 90% by end of year*

Objective 2014/15: Dementia

In 2014/15 we will continue to focus on increasing the use of the screening tool through ensuring the tool is available on all appropriate wards, making electronic completion of the dementia data fields' mandatory and providing training to junior doctors starting in August 2014. Our aim is to ensure that by the end of 2014/15 90% of these patients are screened, assessed and referred, where appropriate.

We will also continue with our educational programme focusing in 2014/15 on achieving 'purple angel' status. This is an indicator to the public that we are a dementia-friendly hospital. More information about 'purple angel' can be found at <http://www.purpleangel.org.uk/>.

Continuous improvement programme (CIP)

The continuous improvement programme (CIP) plays a significant role in improving quality and ensuring that the services are delivered are cost effective.

Examples of work undertaken in 2013/14 include:

- **Theatre productivity**

The trust is undertaking a significant programme of work to improve the efficiency and capacity of our operating theatres. This has many advantages including shorter waiting times for patients and saving money through not having to pay for procedures to be performed by other organisations.

The work undertaken to date this year has meant that the number of patients waiting over 40 weeks for their operation has reduced from 70 to fewer than 20. We have also seen improvements in the number of patients treated within 18 weeks. Currently over 95% of patients are seen within this time period.

- **Estates and Facilities**

A variety of initiatives have been run to improve efficiency and reduce costs. These include re-organising catering and portering services to increase flexibility.

In June 2013 the new Bayview Bistro was opened serving hot food and beverages for staff, patient and families until 8.00pm.

A new IT system called menu mark is also being introduced which will enable patients to select their meals closer to meal times. This will reduce the level of food waste whilst increasing patient satisfaction.

- **Nurse and ward workforce rostering**

High quality treatment and patient care is paramount to the trust. In order to ensure this we have completed a trust-wide review of nursing numbers, which has been led by the Director of Nursing. The findings and resultant actions from this review assure us that we have the right level of registered nurses and health care assistants in the right place at the right time to meet recommended guidelines.

Patient safety

Patient safety is important to us and our work to reduce falls, pressure ulcers, and infection control issues are just a few examples of some of the areas of work we are involved in.

‘Never events’ are serious, largely preventable patient safety incidents, and across the NHS the aim is to have zero never events. Unfortunately over the last year, the trust has reported two never events, both occurring in ophthalmology and both involving the insertion of correct lenses with the wrong strength into an eye.

To rectify this we have improved processes by completing the World Health Organisation checklist and when measurements are taken (biometry stage) as well as before inserting them.

More information about the trust's quality improvement work can be found on our trust website, the trust board reports and in also in our 2013/14 annual report.

Looking forward: 2014/15

The trust has identified five quality improvement priorities for 2014/15. These have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. We have taken into account the views of our key stakeholders when discussing and agreeing the priority areas for 2014/15 (see Annex 2). These priorities have been signed off by the trust board.

In brief, the improvement projects are:

Patient safety

Priority 1: improve the recognition, timeliness and reliability of the management of severe sepsis

Sepsis is a time-critical condition that can lead to organ damage, multi-organ failure, septic shock and eventually death. It is caused by the body's immune response to a bacterial or fungal infection.

In the UK approximately 102,000 cases of sepsis arise annually, with 36,800 deaths as a result.

Objective 2014/15: Implement the severe sepsis bundle:

Over the next year we will design and test a severe sepsis bundle in order to improve the recognition, timeliness and reliability of treatment for all patients, including the elderly and children, presumed to have acute sepsis. Work will include:

- Developing and testing the bundle.
- Identifying sepsis champions across the hospital.
- Developing an educational programme to improve people awareness, knowledge and skills with regards to sepsis.
- Setting a baseline for severe sepsis from which to then agree our improvement trajectory - how much improvement by when.

Our plan will be to focus first on A&E, paediatrics and the hospital's emergency assessment units. The Director of Patient Safety will lead this work and progress will be monitored through our Patient Safety Committee.

Priority 2: Pressure ulcers and falls

The trust currently records a high level of harm-free care 97% (Safety Thermometer). Two areas of further improvement work have been identified for 2014/15 as although the numbers are small, serious falls and severe pressure ulcers have the potential to be life-changing, moving people in some instances from independence to dependence.

Objective 2014/15: Reduce the number of grade 3 and 4 pressure ulcers by 25%.

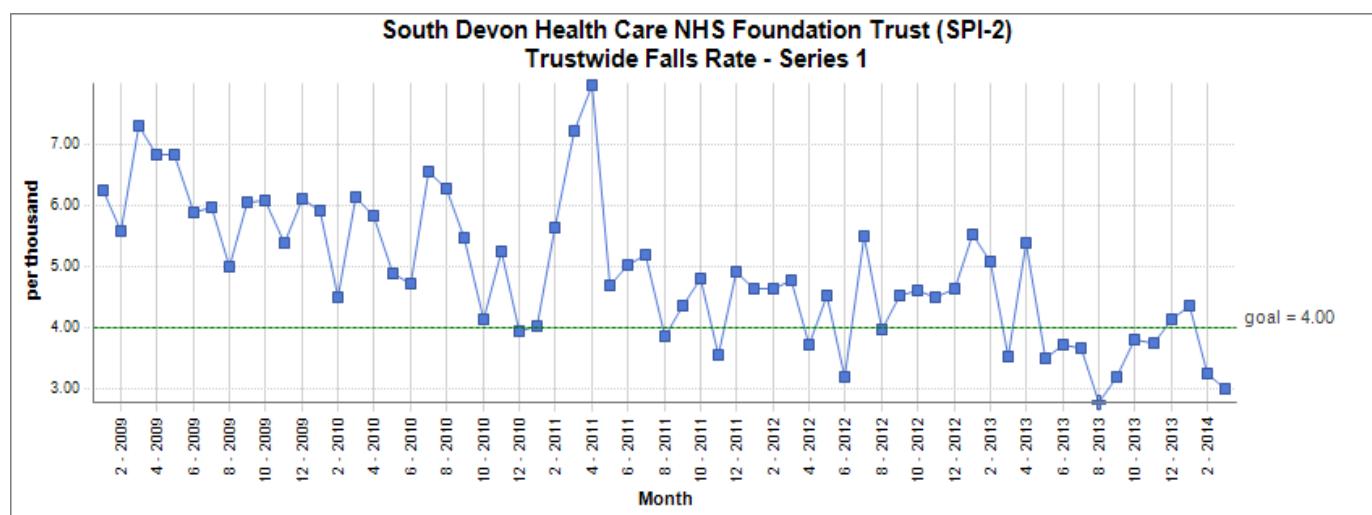
This builds on the work undertaken in 2013/14 which has already been described in the first part of this quality account. Work in 2014/15 will include:

- Continuing to assess all patients on admission and during their hospital stay for pressure ulcer development.
- Continuing to utilise pressure relieving equipment.
- Continuing to ensure patients are turned regularly whilst on a bed.
- Following a successful pilot on Simpson ward, we will roll out our 'skin bundle' onto all remaining inpatient wards.
- Continuing working as part of a cross-community pressure ulcer collaborative which focuses on prevention and rapid intervention.

The work will be supported by the trust safety lead working with the hospital's Pressure Ulcer Group. The progress of this work will be monitored through our Patient Safety Committee.

Objective 2014/15: Reduce the number of hip fractures acquired in hospital by 25%.

Nationally, falls in hospital are the most common patient safety incident, with reported rates ranging from 3 to 14 per 1000 bed days. Falls can cause physical and psychological harm, are associated with impaired rehabilitation, increased length of stay and poor patient experience, thus making this area a key target for patient safety. The trust has a falls nurse and falls multi-disciplinary steering group which has systematically worked over the years to reduce the falls risk.



In 2014/15 in order to reduce harm from falls resulting in a hip fracture we will:

- Test a new floor surface which absorbs energy through a fall.
- Continue to ensure high-risk patients are supported when mobile.
- Undertake a blood pressure project to reduce the risk of people falling due to postural hypotension.

The Falls group will oversee this work and information will be reported via our Patient Safety Committee.

Clinical effectiveness

Priority 3: Frailty

Torbay and Southern Devon has a rapidly ageing population. Older adults make up about half of Torbay's inpatient stays currently. Evidence suggests that elderly frail people who are assessed by specialist staff as early as possible on admission tend to have a shorter stay.

Objective 2014/15: Complete the roll out of Enhanced Recovery in Medicine and research, pilot and evaluate a frailty scoring tool

The aim over the next year will be to:

- Complete the rollout of the enhanced recovery in medicine programme which was successfully started last year.
- Research a frailty scoring tool for use across our care system, pilot it in one area of the hospital and evaluate and share the learning within our care system.

The first project will be overseen by the enhanced recovery in medicine group, led by an acute physician. The frailty project will be overseen by an ortho-geriatrician consultant reporting through our Patient Safety Committee.

We will also continue to focus on improving dementia care including identifying, assessing and supporting patients, carers and their families.

Objective 2014/15: Deliver specialist training to improve the care of those with dementia and develop a companionship service for patients in hospital with dementia.

Dementia, as already noted in this quality account, is an important issue for South Devon and Torbay due to a rapidly ageing population and its increasing prevalence within a rapidly ageing population.

We recognise the need to increase the level of specialist training in our care community and have developed a new dementia and safe handling course.

The course starts with two hours of information regarding dementia. Topics covered include, role of the 'Special', communication, responding to strong feelings and challenging behaviour. The remainder of the course is spent teaching physical skills to staff which includes breakaway and safe holding techniques. All the techniques are taught using a framework from General Service Association and ensure the least amount of restriction is used at all times.

In 2014/15 we will:

- Train four trainers to deliver this programme. They in turn will train the 70 staff working on Cheetham Hill and Simpson ward in the same year as well as providing training to staff in the 11 community hospitals and all new bank nursing staff from summer onwards.

We are also working with a number of volunteer agencies such as Age UK and the Royal Voluntary Service to train volunteers to provide a companionship service on our care of the elderly wards. The VICTOR scheme (Volunteering in Care in Torbay) started in 2013/14 and will be progressing throughout 2014/15.

In 2014/15 we will:

- Implement VICTOR volunteer companions into Simpson, Cheetham Hill and Ainslie ward and evaluate the project.

This dementia improvement work will be managed by the trust Dementia Steering Group. Periodic updates will be provided to our Patient Experience and Community Partnerships Committee.

Patient Experience

Priority 4: Bereavement

The death of someone can be a devastating experience and it is important at this difficult time that services and support provided are timely, family/carer centred and effective. As a result of analysing our patient experience feedback and from discussions with our commissioners and our stakeholders, this is a priority area for 2014/15.

Objective for 2014/15 – improve the support provided to the bereaved.

- Improve the timeliness of sending information to GP about patient deaths.

We will review our current processes for informing GPs, understand how the information gets delayed or not sent and then develop new processes to improve reliability and the timeliness.

- Improve the quality of information available and signposting to external bereavement support services including counselling for the people of Torbay and South Devon.

We will measure the success of this project against the feedback we receive from our national and local patient feedback systems. We will monitor the on-going comments and review it again once the improved information has been embedded in the organisation.

The work will be led by the trust's experience and engagement lead working with a small group of service users, clinicians and patient support services. The work will be monitored through the Patient Experience and Community Partnerships Committee.

Priority 5: Discharge planning and carers

Carers play an important role in many patients' lives. They are often the people who know the patient/client best and are best positioned to provide the help and support needed. Building on the inpatient carers work in 2013/14 including the enhanced recovery in medicine programme, the trust will aim to:

- Improve the involvement and support of carers in the discharge planning process. We will identify the top three priorities as identified through our patient and carers' feedback and incident reporting systems and then develop a plan to improve services.

Our Deputy Director of Nursing will lead this work, working closely with our cross-community carers group, the trust's Head of Operations and ward teams, as appropriate. Progress will be monitored through the Patient Experience and Community Partnerships Committee.

Quality improvement work in 2014/15

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 which are supported through CQUINs. These include:

- Creating a fully functioning assessment area where medical patients who may not need to be admitted can be assessed, treated within 4 hours of registration and discharged before 7.00pm in order to improve care outcomes, patient safety and experience.

- Implementing a staff friends and family test as well as increasing the response rate for the patient friends and family test.
- Working with our commissioners through their 'yellow card scheme' to investigate and act on emerging trends which GPs are reporting to them.

The results of this work will be published in next year's accounts as well as shared during the year through our various publications. Progress will be monitored at board level.

IN 2014/15 the trust will also be developing the Horizon Institute with the aim of ensuring there is consistent focus on quality improvement and innovation.

Horizon Institute

Our vision is to create an open culture where quality is part of our health and care system's DNA and as a result, there is a continual and relentless focus on quality.

The Institute's three main functions are to:

1. Work with teams and services across our care system to redesign care in order to ensure the delivery of the highest quality joined-up care.
2. Enhance the culture and skills needed to enable innovation and improvement and the 'joy of work'.
3. Create an academic base from which to undertake operational research into care system improvements, measure and evaluate the changes and learn from them.

Statements of assurance from the Board

Review of services

During 2013/14 South Devon Healthcare NHS Foundation Trust provided and/or sub-contracted 44 relevant health services.

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

The income generated by the relevant health services reviewed in 2013/14 represents 77% of the total income generated from the provision of relevant health services by South Devon Healthcare NHS Foundation Trust for 2013/14.

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

Participation in clinical audits

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

During 2013/14, 46 national clinical audits and five national clinical audit and national confidential enquiries covered relevant health services that South Devon Healthcare Foundation NHS Trust provides.

During 2013/14 South Devon Healthcare Foundation NHS Trust participated in 85% national clinical audits and 75% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that South Devon Healthcare NHS Foundation Trust participated in during 2013/14 are as follows:

National Audits	Eligibility	Participation
Acute coronary syndrome or acute myocardial infarction	Yes	Yes
Adult cardiac surgery audit	No	Not applicable
Adult community acquired pneumonia	Yes	No
Adult critical care (Case Mix Programme)	Yes	Yes
Bowel cancer	Yes	Yes
Bronchiectasis (paediatric)	Yes	No
Cardiac arrhythmia	Yes	Yes
Chronic kidney disease in primary care	No	Not applicable

Chronic obstructive pulmonary disease	Yes	Yes
Congenital heart disease (paediatric cardiac surgery)	No	Not applicable
Coronary angioplasty	Yes	Yes
Diabetes (Adult) ND(A), includes National Diabetes Inpatient Audit (NADIA)	Yes No	Inpatient diabetes Yes Adult diabetes Not applicable
Diabetes (paediatric)	Yes	Yes
Elective surgery (National PROMs Programme)	Yes	Yes
Emergency use of oxygen	Yes	Yes
Epilepsy 12 audit (childhood epilepsy)	Yes	Yes
Falls and fragility fractures audit programme, includes national hip fracture database	Yes	Yes
Head and neck oncology	Yes	Yes
Heart failure	Yes	Yes
Inflammatory bowel disease	Yes	Yes
Lung cancer	Yes	Yes
Moderate or severe asthma in children (care provided in emergency departments)	Yes	Yes
National audit of dementia	Yes	No
National audit of schizophrenia	No	Not applicable
National audit of seizure management (NASH)	Yes	Yes
National cardiac arrest audit	Yes	No
National comparative audit of blood transfusion	Yes	Yes
National emergency laparotomy audit	Yes	Yes
National joint registry	Yes	Yes
National vascular registry, including CIA and elements of NVD	Yes	Yes
Neonatal intensive and special care	Yes	Yes
Non-invasive ventilation (adults)	Yes	No
Oesophago-gastric cancer	Yes	Yes
Ophthalmology	Yes	Yes
Paediatric asthma	Yes	Yes
Paediatric intensive care	No	Not applicable
Paracetamol overdose (care provided in emergency departments)	Yes	Yes

Prescribing observatory for mental health (POMH-UK) (Prescribing in mental health services)	No	Not applicable
Prostate cancer	Yes	Yes
Pulmonary hypertension	No	Not applicable
Renal replacement therapy (Renal Registry)	No	Not applicable
Rheumatoid and early inflammatory arthritis	Yes	Yes
Sentinel stroke national audit programme (SSNAP), includes SINAP	Yes	Yes
Severe sepsis and septic shock	Yes	Yes
Severe trauma (Trauma Audit and Research Network)	Yes	Yes
Specialist rehabilitation for patients with complex needs	-	Not known yet

National Clinical Audit and Patient Outcome Programme incorporating National Confidential Enquires	Eligibility	Participation
National review of asthma deaths	Yes	No
Child health programme	Yes	Yes
Maternal, infant and new-born clinical outcome review programme	Yes	Yes
Medical and Surgical programme: national confidential enquiry into patient outcome and death	Yes	Yes
Mental Health programme: national confidential inquiry into suicide and homicide for people with mental illness	No	Not applicable

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

- Adult community acquired pneumonia**
 British Thoracic Society has confirmed that data collection for this national audit will not take place in 2013/14.
- Bronchiectasis (paediatric)**
 Unable to identify patients for this audit, this has been fed back to the national organisers.

- **National audit of dementia**
Healthcare Quality Improvement Partnership confirmed that the dementia audit will not be collecting data in 2013/14.
- **National cardiac arrest audit**
Cost attached to participation. Decided not to participate in 2013/14.
- **Non-invasive ventilation (adults)**
British Thoracic Society has confirmed that data collection for this national audit will not take place in 2013/14.
- **National review of asthma deaths**
Healthcare Quality Improvement Partnership have confirmed that no data collection will take place in 2013/14.

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 2013/14, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

South Devon Healthcare NHS Foundation Trust	Cases submitted	% cases
Acute coronary syndrome or acute myocardial infarction	Data collection not finished	100
Adult critical care (Case Mix Programme)	Not reported yet	100
Bowel cancer	Not reported yet	100
Cardiac arrhythmia	Data collection not finished	100
Chronic obstructive pulmonary disease	Data collection not finished	
Coronary angioplasty (BCIS) (Calendar year 2013)	423	100
Diabetes (Adult) ND(A), includes National Diabetes Inpatient Audit (NADIA)	Not reported yet (inpatient)	
Diabetes (paediatric)	Not reported yet	88
Elective surgery (National PROMs Programme)	On-going data collection	100
Emergency use of oxygen	8/10	80
Epilepsy 12 audit (childhood epilepsy)	Not reported yet	
Falls and fragility fractures audit programme, includes national hip fracture database	30/40	75

National Audit of Inpatient Falls	40/30	75
Head and neck oncology	Not reported yet	100
Heart failure	Data collection not finished	100
Inflammatory bowel disease	Not reported yet	
Lung cancer	Not reported yet	100
Moderate or severe asthma in children (care provided in emergency departments)	Data collection not finished	
National Audit of Seizure Management (NASH)	Not reported yet	
National comparative audit of blood transfusion	Not reported yet	
National emergency laparotomy audit	Data collection not finished	
National Joint Registry	Not reported yet	100
National Vascular Registry	Not reported yet	100
Neonatal intensive and special care	Not reported yet	100
Oesophago-gastric cancer	Not reported yet	100
Paediatric asthma	15/5	300
Paracetamol overdose (care provided in emergency departments)	Data collection not finished	
Prostate cancer	Data collection not started	
Rheumatoid and early inflammatory arthritis	Data collection not finished	
Sentinel stroke national audit programme (SSNAP), includes SINAP (total includes all Stroke, TIA and cases transferred in from other hospitals)	Band A Data collection not finished	100
Severe sepsis and septic shock	Data collection not finished	
Severe trauma (Trauma Audit and Research Network) Head and Spinal Injuries	109	100

National Clinical Audit and Patient Outcome Programme incorporating National Confidential Enquires	Cases submitted	% cases
Child health programme	Not reported yet	100
Maternal, infant and new-born clinical outcome review programme	Not reported yet	100
National confidential enquiry into patient outcome and death	Not reported yet	100

The reports of 27 national clinical audits were reviewed by the provider in 2013/14 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Ref	Recommendations / actions
ND0046 - Acute myocardial infarction and other ACS (MINAP)	
	<ul style="list-style-type: none"> No action plan required
ND0071 - Adult community acquired pneumonia (BTS)	
	<ul style="list-style-type: none"> Improve adherence to local antibiotic guidelines by applying the severe sepsis pathway appropriately. This will form part of the presentation of the pneumonia audit results.
ND0053 - Bowel cancer audit (NBOCAP)	
	<ul style="list-style-type: none"> Draft response received. Actions pending.
ND0066 - Cardiac arrhythmia (cardiac rhythm management audit)	
	<ul style="list-style-type: none"> Report received February 14 – response pending
ND0074 - Carotid intervention audit	
	<ul style="list-style-type: none"> Review provision of TIA clinics with stroke physicians Assess provision of carotid duplex slots for TIA clinic Assess availability of anaesthetic and theatre teams to provide urgent carotid surgery
ND0038 - Chronic pain - organisational audit of pain services (2010/12)	
	<ul style="list-style-type: none"> No action plan required
ND0049 - Coronary angioplasty: (NICOR adult cardiac interventions audit) – BCIS	
	<ul style="list-style-type: none"> Report received February 14 – response pending
ND0047 - Data for Head and Neck Oncology (DAHNO)	
	<ul style="list-style-type: none"> No action plan required
ND0065 - Diabetes (RCPH National Paediatric Diabetes audit)	
	<ul style="list-style-type: none"> Local report received April 14, actions pending
ND0037 - Emergency use of oxygen (BTS)	
	<ul style="list-style-type: none"> Continue attempts to capture oxygen prescribing within VITALPAC

ND0039 - Heart failure (HF) audit
<ul style="list-style-type: none"> • All heart failure admissions should receive input from cardiology team • All heart failure patients should have had an echo nine or other cardiac imaging within last six months • All heart failure REF should be discharged on ACE/ARB, B-blockers and MRA (unless contra-indicated) • All heart failure patients should be seen within two weeks of discharge by a member of the integrated heart failure nurse team
ND0054 - Heavy menstrual bleeding (HMB) (RCOG)
<ul style="list-style-type: none"> • No actions required
ND0043 - Hip fracture supplement report 2012 (NHFD)
<ul style="list-style-type: none"> • Reduce super spell by targeting length of stay in community hospitals - look at options that joined up care with community may produce.
ND0043 – Hip fracture report 2013 (NHFD)
<ul style="list-style-type: none"> • Improve % of patients that achieve best practice tariff with view to time to theatre <36 hrs. Work on-going with Exeter business school and PenCHORD • Improve % of patients admitted to Ainslie trauma ward within four hours • Review anaesthetic adherence to AAGBI guidelines after current 'SPRINT' audit Development of hip fracture programme using Quality Improvement methodology initially using Paignton cohort of hip fractures
ND0042 - Hip, knee and ankle replacements (NJR)
<ul style="list-style-type: none"> • No action plan required
ND0051 - ICNARC: adult critical care (Case Mix Programme)
<ul style="list-style-type: none"> • All unit deaths reviewed by Consultant. All deaths with acute physiology and chronic health evaluation II (APACHE II) or Intensive care national audit and research centre (ICNARC) predicted mortality <20% presented for peer review by senior nurses and consultants. All deaths with APACHE II or ICNARC predicted mortality <20% presented for peer review by senior nurses and consultants. • Case review and discussion of a difficult case each month to support consistent decision making across the consultant body. • Data used in: <ul style="list-style-type: none"> ○ workforce planning, ○ activity planning ○ budget setting ○ support capacity increase to nine beds and support case for surgical high care area
ND0044 - Lung Cancer (National Lung Cancer audit)
<ul style="list-style-type: none"> • No action plan required
ND0072 - National comparative audit of blood transfusion programme (Audit of use of blood in adult medical patients)
<ul style="list-style-type: none"> • Report received July 2013 - insufficient data collected to be included in report. No actions
ND0035 - National neonatal audit programme (NNAP)
<ul style="list-style-type: none"> • Action plan received and under review

ND0086 - Oesophago-gastric cancer (National O-G Cancer Audit)
<ul style="list-style-type: none"> Quality improvement project is being undertaken based on all cases of oesophago-gastric cancer during the audit period. This will focus on the patient journey to diagnosis (qualitative) and the proportions of patients who underwent CT/EUS first review/ cycle by Nov 2013.
ND0012 – Non Invasive ventilation
<ul style="list-style-type: none"> As on previous occasions our numbers entered into this national audit are small. This makes comparison with National figures difficult and open to significant bias. This is especially true when it comes to some of the subset questions. Also it is important to recognise that some of the audit questions are matters of opinion and not of fact and so are subject to the views of the person collecting the data. Suggested areas for improvement:- Collect more patient numbers at next NIV audit. Continued provision and education regarding oxygen alert cards for our patients with chronic obstructive pulmonary disease who are at risk of oxygen toxicity.
ND0040 - Paediatric pneumonia (BTS)
<ul style="list-style-type: none"> Produce paediatric community-acquired pneumonia guideline
ND0033 – Vascular Surgery – Outcomes after elective repair of infra-renal abdominal aortic aneurysm
<ul style="list-style-type: none"> No action plan required
ND0026 - Severe Trauma (TARN) - TARN Clinical Report 1 – Thoracic, Abdominal and Shocked
<ul style="list-style-type: none"> Review the four cases of non-isolated chest trauma in respect of time to CT scan Discuss with chest physicians the skill-set needed to enable open chest drains to be inserted when necessary Continue to question validity of the probability of survival calculation especially in the elderly Work towards an interim CT reporting system to ensure rapid reporting of time critical injuries
ND0026 - Severe Trauma (TARN - Torbay Hospital Trauma Report II, Core and Orthopaedic)
<ul style="list-style-type: none"> No action plan required
ND0026 - Severe Trauma (TARN – Torbay Hospital Clinical Report III, Head and Spinal Injuries)
<ul style="list-style-type: none"> Report received and actions pending
ND0027 - Stroke care (National Sentinel Stroke audit) SSNAP
<ul style="list-style-type: none"> Domain 1 - Scanning - To improve emergency scanning time. Nurse led CT request for acute stroke, Training A/E Domain 2 - Adherence to stroke admission and operational policy including bed fencing, education and dissemination of the policies especially during hospital bed crisis Domain 3 - Thrombolysis - Directorate level out-of-hours cover for thrombolysis being sorted Domain 4 - Specialist cover out-of-hours and weekends. As in domain 3 Domain 6 - Documentation of Physiotherapy sessions over the weekends Domain 7 – Speech and Language Therapy this is a national issue and very much resource related and yet a solution needs to be identified Domain 8 – Multidisciplinary Team. Overall depend on domain 6 and 7, but as well need improvement in documentation Domain 9 - Standards by discharge, to improve on lack of documentation and appropriate answering of questions in the audit Domain 10 - Discharge process. Agreed on a joint social and health care plan on discharge.

The reports of 76 local clinical audits were reviewed by the provider in 2013/14 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Ref	Recommendations / actions
6259	Occupational therapy assessment standards
	<ul style="list-style-type: none"> • Interim head of occupational therapy to share results with team leads who will share results with their teams • Moving and handling training and documentation across Devon is being reviewed by expert moving and handling advisors. The funding of these posts is temporary at present but in order to improve standards funding is needed to continue the posts and improve standards in both practice and recording • Supervisors of staff will be encouraged to use the audit tool in supervision with all staff members. (It could also be used as part of peer review) • Advocate for continued implementation of single community care record or amendment to 'Paris' computer system as an alternative
6201	Early diagnosis and intervention (EDI) efficiency
	<ul style="list-style-type: none"> • No further action required pending introduction of new process from the 1st April 2013
6266	Teignbridge early detection and intervention (EDI) Service
	<ul style="list-style-type: none"> • A 'control' spread sheet/file has been set up to enable the team to monitor progress of their patients through the system and to monitor performance against their standards for timeliness • Hold discussions with the psychology team to review team workloads to ensure deadlines met and information not lost to the system
6282	Antidepressant prescribing reviews
	<ul style="list-style-type: none"> • Present results separately to both teams and produce individual plans that are relevant directly to both Haytor and Beech. The re-audit can then be completed using the standards agreed and implemented by each team
6283	Clozapine clinic and physical monitoring
	<ul style="list-style-type: none"> • Discussions with GPs to highlight the results will when presented to them offer further opportunities to improve • Use different colour paper for each year's required testing
6222	Identification of 'At Risk' Children in A&E
	<ul style="list-style-type: none"> • Consultant team to target the middle grade doctors for ad hoc teaching, (to include paediatric liaison referrals and MASH (Multi-Agency Strategic Hub) referrals • Medical supervisors to feedback re general expectations regarding emergency department documentation and use actual examples of work produced as evidence
6245	Unplanned re-attendances to the Emergency Department (ED)
	<ul style="list-style-type: none"> • Educate juniors during teaching: <ul style="list-style-type: none"> - Discharge planning - Realistic prognosis and disease progression - What to do if no improvement - GP/ return - Document in notes - Discharge plan verbal/ written • Ensure there is a clinic for those returning for fracture manipulations/ reductions • Ensure nurse practitioners/ doctors understand that dressings need to be booked onto the dressings clinic • Improve Information cards for patients - adding analgesic advice/ expectant progression and

	<p>signposting if things not improving</p> <ul style="list-style-type: none"> • Create general minors discharge card with general information on analgesia/ expectant management for minor injuries and signposting for when patients have concerns • Educate the juniors - Create a poster with above information in emergency department minors - Present at junior doctors teaching session
6318	Electrocardiogram (ECG) timing in A&E
	<ul style="list-style-type: none"> • Door to ECG time <10 minutes to be extended to <20 minutes through local consensus • Introduction of the rapid access pilot should help speed up response times
6154	Waiting times for multiple sclerosis (MS) from GP referral to time of diagnosis
	<ul style="list-style-type: none"> • Increase the number of multiple sclerosis clinic slots, this has been achieved by starting an extra clinic on alternate weeks at Newton Abbot Hospital. (Commenced on 10th January 2013)
6168	Intravenous immunoglobulin (IVIg) usage
	<ul style="list-style-type: none"> • Introduction of a clinical outcome form • Re-launch of new guidelines with updates • Dose adjustment needed by ideal best weight, this has been shown to be just as effective and saves money - publicised at general medicine audit meeting
6206	Prothrombin complex (PCC) use for emergency reversal of warfarin
	<ul style="list-style-type: none"> • Highlight to staff the importance of weighing patients - done at presentation • Ensure on-call haematologist consultant is contacted for specific haemostatic management - done at presentation • Aim to make Octaplex dose easier for everyone to prescribe. (Amend protocol but awaiting results of further evidence for appropriate dose)
6243	Two week wait referrals for suspected thoracic malignancy
	<ul style="list-style-type: none"> • Present findings to primary care with the aim to reduce inappropriate referrals • Clear referral pathways for patients needing urgent review where cancer is not suspected. • Raise primary care awareness of same through lung cancer workshop for GPs and commissioners scheduled for October 2013.
6244	Malignant spinal cord compression (MSCC) - compliance with current clerking proforma and guidelines
	<ul style="list-style-type: none"> • Raise awareness at medical meeting that oncologists are able to review MRIs to determine whether it's appropriate to speak to a spinal surgeon • Raise awareness that Exeter oncologists can be contacted out of hours including weekends • Raise awareness that Torbay's spinal cord co-ordinator is available between 9-5pm • Senior clinician needs to determine whether it's MSCC so patient can be treated urgently
6247	NICE BCA - Rituximab for the treatment of relapsed or refractory chronic lymphocytic leukaemia (TA-193)
	<ul style="list-style-type: none"> • No plan required
6248	NICE BCA - Capecitabine for the treatment of advanced gastric cancer (TA191)
	<ul style="list-style-type: none"> • No plan required, compliance demonstrated

6249	NICE BCA - Gefitinib for the first-line treatment of locally advanced or metastatic non-small-cell lung cancer (TA-192)
	<ul style="list-style-type: none"> No plan required, compliance demonstrated
6250	NICE BCA - Tuberculosis (TB) (CG117)
	<ul style="list-style-type: none"> HIV testing to form part of the routine assessment of all patients diagnosed with TB Improve documentation of risk assessment for drug resistance to include all the risk factors highlighted in audit
6251	Alcohol-use disorders: physical complications (CG-100)
	<ul style="list-style-type: none"> Source or develop a patient advice and support hand-out. Ensure documentation of patient being offered written information is recorded in patient's notes. Liaise with alcohol cessation teams to ensure better documentation of alcohol cessation plan.
6252	NICE BCA - Diabetic foot problems (CG-119)
	<ul style="list-style-type: none"> An agreement has been set up with the elderly care physicians on Simpson ward that patients admitted to hospital with a diabetic foot infection should be admitted to Simpson ward under shared care between a named ward consultant and a diabetes consultant Introduce the Ipswich touch toe test for all patients with diabetes on admission to hospital. This comprises a foot inspection and risk assessment for development of neuropathic ulcers in hospital. Develop a business plan to increase clinical and podiatry time on the wards, to include funding for an HCA which will enable us to identify patients earlier. Part of the remit of this post will also be educating ward staff to conduct risk assessments using the touch toe test and providing help and support in using adequate pressure relief/ offloading for ulcerated patients and those at risk.
6254	Complication rates and patient experience after cutaneous surgery by the dermatology department
	<ul style="list-style-type: none"> Continue to wipe down couches before each patient Care of suture material falling outside of sterile field Use of scrubs in operating room Wearing of hats for operations Increase contact time of antiseptic to aim for two minutes pre-operatively Dedicated shoes to be used in operating room Not to routinely stop antiplatelet agents pre-operatively Aim to put patients with leg ulcers at the end of the list (whenever possible) No need for topical antibiotic post operatively, use vaseline/paraffin
6256	NICE BCA - Crohn's disease - infliximab (review) and adalimumab (TA-187)
	<ul style="list-style-type: none"> No plan required, compliance demonstrated
6257	NICE BCA - Infliximab for acute exacerbations of ulcerative colitis (TA163)
	<ul style="list-style-type: none"> No plan required, compliance demonstrated

6258	Metastatic spinal cord compression (MSCC)
	<ul style="list-style-type: none"> No action plan required
6260	NICE BCA - Dronedarone for the treatment of non-permanent atrial fibrillation (TA197)
	<ul style="list-style-type: none"> No action plan required
6272	Endoscopic retrograde cholangiopancreatography (ERCP)
	<ul style="list-style-type: none"> Improvement with outpatient pre-procedure bloods needed - highlighted to staff at meetings
6273	NICE BCA - Rituximab for the first-line treatment of chronic lymphocytic leukaemia
	<ul style="list-style-type: none"> No plan required
6278	Assessing the appropriateness of antifungal prescribing for patients admitted to ICU or Turner
	<ul style="list-style-type: none"> An algorithm will be produced to allow clinicians to easily prescribe the correct antifungal for patients' needs Re-evaluate the neutropenic complications guideline
6316	NICE BCA - Rituximab for the first-line maintenance treatment of follicular non-hodgkins lymphoma (TA-226)
	<ul style="list-style-type: none"> No plan required
6322	NICE BCA - Bortezomib and thalidomide for the first-line treatment of multiple myeloma
	<ul style="list-style-type: none"> No action plan required
6253	Completeness of electronic anaesthetic records (PICIS)
	<ul style="list-style-type: none"> All staff reminded about record keeping at Anaesthetic Clinical Audit meeting.
6280	Therapeutic hypothermia after cardiac arrest
	<ul style="list-style-type: none"> ICU Team to assign lead nurse for cooling 'Push' adherence to local guidelines through awareness and education (Presentations ongoing)
6303	Hand hygiene and antibiotic prophylaxis in theatre
	<ul style="list-style-type: none"> Ensure alcohol gel is available in most anaesthetic rooms or on the entrance to the anaesthetic rooms. Alcohol gel to be made available in all theatres Time of antibiotic administration to be added to the anaesthetic briefing proforma
6321	Anaesthesia in outside areas
	<ul style="list-style-type: none"> Allocate anaesthetic consultant leads for each area. Nerve stimulator to be purchased and added to the emergency bag, so readily available. Emergency Department to develop guidelines for intubation for senior Emergency Department staff. Induction for trainee anaesthetists to include familiarisation with the non-theatre areas in which anaesthesia may be provided, including availability and location of equipment and drugs. Provision of appropriate anaesthetic monitoring in the cardiac catheter lab to be investigated.

6204	Referral guidelines for CT scanning in sinusitis
	<ul style="list-style-type: none"> Guidelines have been laminated for distribution to raise awareness of guidance Undertake re-audit as soon as possible using a new standard of antibiotics being taken for 3 weeks not 12 as per current literature, this is agreed as 'local consensus'.
6187	Time to surgery in high risk patients undergoing emergency laparotomy
	<ul style="list-style-type: none"> No changes required
6281	Early cholecystectomy and 24 hour ultrasound in patients with acute pancreatitis
	<ul style="list-style-type: none"> On appointment of new upper GI consultant, introduce an 'upper GI hot-week' every other week.
6293	Laparoscopic pyeloplasty (IP-046)
	<ul style="list-style-type: none"> No plan required
6295	Time from acute urinary retention (AUR) to transurethral resection of prostate (TURP)
	<ul style="list-style-type: none"> Consideration will be given to the role in the process of an acute urinary retention nurse perhaps to produce a register/ database of relevant patients and to track them through the system/ process Undertake a full review of the theatre lists with a view to setting up extra clinic(s) to clear waiting list and consider setting up a 'regular' list for these patients
6199	Electrolysis sessions and eyelash follicle destruction
	<ul style="list-style-type: none"> Expedite annual assessment of competence for qualified nurse practitioner to enable her to assess the two other NPs undertaking this procedure Patients attending for electrolysis will now be discharged from the clinic after their treatment and not be reviewed at 6-8 weeks unless the 'pink notes' indicate that they attend for another ophthalmic reason(s) and could therefore not be safely discharged. Patients listed for cataract surgery but found to have in growing lashes should still be given a date for cataract surgery and electrolysis arranged pre-cataract surgery. Any lone lashes seen on the day of cataract surgery should be epilated and the patient relisted for electrolysis post-cataract surgery.
6279	Outcomes of descemments stripping automated endothelial keratoplasty (DSAEK)
	<ul style="list-style-type: none"> No plan required
6287	Local macular hole surgery outcomes
	<ul style="list-style-type: none"> No plan required
6288	ROP screening 2011-2012
	<ul style="list-style-type: none"> No actions required although closer investigation of and discussion around proposed CQUIN is required
6269	Selection of dental osseointegrated implant patients
	<ul style="list-style-type: none"> Consent - Recall the notes of patients where consent was not immediately obvious to ensure this is not an issue. It will be covered in the department re-audit of consent due later this year Coding - The cases reviewed within the project that were not identified via the hospital computer system should be reviewed to ensure they are correctly coded

6285	Blood glucose recording of all odontogenic infection referrals
	<ul style="list-style-type: none"> • Discuss with endocrinologist, proposal to use HbA1c for all patients rather than random blood glucose. This has been discussed with endocrinologist suggesting we continue with the random blood glucose screen at present. • Remind all junior staff of the importance of glucose testing by this presentation and teaching in January 2014. This will also be included in local Induction • All oral and maxiofacial surgical senior house officers instructed to add a written note concerning blood test results to clearly evidence review through this presentation and teaching in January 2014. This will also be included in local Induction
6286	Restorative care for head and neck cancer patients
	<ul style="list-style-type: none"> • Discussions will take place with ear, nose and throat about their larynx cancer patients to raise awareness of the dental screening requirement, possibly this could be dealt with by having a mandatory Inflex field. This will also be covered at the head and neck cancer business meeting. • Records of oral healthcare products/ items issued may be improved by considering the use of a stamp or template at the screening appointment • The issue of patients 'lost to the system' will be reviewed, especially making sure that patients cancelling are re-booked at the time of cancellation • Discussions around the hygienist indicate that availability is not currently an issue but perhaps the day of attendance could be reviewed
5793	Open femoro-acetabular surgery for hip impingement syndrome (IP-203)
	<ul style="list-style-type: none"> • No action required
6170	Follow-up of children who have failed to attend fracture clinic appointments
	<ul style="list-style-type: none"> • Re-distribute guideline to all staff to ensure they are familiar with the policy • Did not attend sheets used at the end of clinic need to have age of patient printed on them to prompt clinician to review case notes • All future did not attend letters to be dictated
6261	Prophylactic antibiotic guideline for fracture of hip repair to minimise clostridium difficile infections
	<ul style="list-style-type: none"> • No action required
6305	Management of severe open lower limb fractures
	<ul style="list-style-type: none"> • No plan required
6315	Compliance rates of butrans patch use post total knee replacement (TKR)
	<ul style="list-style-type: none"> • No plan required
6241	Oral nutritional supplements in Torbay Hospital
	<ul style="list-style-type: none"> • Feedback to medicines optimisation team, Torbay CCG • Discuss report with associate director for therapies, to consider taking report to patient safety group • Contact IT about including nutritional information on Inflex template • Take report to nutrition steering group for discussion • Send report to nutrition team pharmacist regarding pharmacy involvement

6029	Negative pressure wound therapy (NPWT) for the open abdomen (IP-322)
	<ul style="list-style-type: none"> No action required
6267	Start smart then focus
	<ul style="list-style-type: none"> Drug chart will be amended to require a signature for review of antibiotics Presentation to be given to as many meetings as possible. This will include medical unit meeting, post graduate meeting, F1 teaching session, medical student teaching and SDHCFT and TSDHCT pharmacy/ prescribing group. Continue to raise awareness amongst all staff: - Posters for re-launch of drug charts (to coincide with junior doctor rotation) and screen saver prompt on computer screens
6268	Malnutrition universal screening tool (MUST) completion
	<ul style="list-style-type: none"> Purchase weighing equipment to minimise sharing between wards Organise annual calibration of weighing equipment in the trust Organise and increase availability of laminated MUST charts on all wards Edit MUST proforma so original MUST score is clearly dated
6270	Re-admissions from the community into the acute trust
	<ul style="list-style-type: none"> The whole process will be reviewed across acute and community hospitals and involving the local commissioning group Education of all staff involved with these patients after full testing of process and use of in-situ simulation to assess the way forward.
6271	Consent 2013
	<ul style="list-style-type: none"> There is a need to raise awareness and reinforce the policy, as well as present and disseminate the results of this audit. All areas are reminded of the policy, as well as the outcomes of this audit to be fed back to teams/ areas. Meetings attended with orthopaedics, general theatres and A&E. Email sent to all clinical directors and governance leads to ensure the report is disseminated to teams. Encourage documented, auditable information by email sent to all clinical directors and governance leads to ensure the report and learning is disseminated to teams. Junior trainees need to be individually authorised to consent, email sent to all clinical directors and governance leads to ensure the report and learning is disseminated to teams. Presented to safety committee. Results of the audit and learning from this audit shared with the committee. Actions agreed and will feedback final action plan to committee.
6139	False negative triple assessment
	<ul style="list-style-type: none"> Continue with ongoing monitoring to ensure that we are working to national guidance and providing an effective triple assessment service
6255	NICE BCA - Critical illness rehabilitation (CG83)
	<ul style="list-style-type: none"> Plans to provide appropriate discharge information to patients. Trial giving patients full medical discharge summary compared to specific patient/ family centred information summary
6088	Repeated attendances in children
	<ul style="list-style-type: none"> Frequent attenders – identify appropriate consultant during ward rounds – creation of a ward round prompt/ checklist Call for notes when senior house officer notifies emergency department team of referral Ensure list of previous attendances pulled Publicise criteria for referral to paediatric liaison nurse and put in prominent place in emergency

	<p>department and Louisa Cary. Leaflet for parents?</p> <ul style="list-style-type: none"> • Update paediatric emergency assessment documentation • Teaching session for all new emergency department and middle grade doctors to be introduced to target all safeguarding issues, using case reviews
6193	Paediatric sepsis
	<ul style="list-style-type: none"> • Revise sepsis bundle in the light of 2012 International Surviving Sepsis Guideline and audit results • Education and further information regarding sepsis bundle to be given to emergency department and paediatrics • Ongoing training for child health and emergency department staff via induction, advanced paediatric SOS and simulation (paediatric emergency training in the simulator)
6225	Children allergy service referrals
	<ul style="list-style-type: none"> • Raise awareness of referral criteria and pathway throughout primary care, this will take place during our GP awareness day (September 2013) • Develop one page summary of referral criteria for consultants and display on intranet along with patient leaflets
6291	Paediatric head injury
	<ul style="list-style-type: none"> • Education of head injury management and documentation to junior doctors, paediatric staff and emergency nurse practitioners • Revision of head injury advice leaflet to include advice regarding post-concussion syndrome and the services available • Liaison with regional neurosurgical centres to establish/ ensure local agreement has been formalised • Posters produced of NICE indications for CT are displayed in minors and paediatric areas. • Flash cards produced and given to junior doctors
6292	Coeliac disease in children
	<ul style="list-style-type: none"> • Protocol for diagnosis of coeliac disease to be published on trust intranet site • Diabetic team to review the requests they make for type I diabetics, review should include HLA typing and IgA as well as tTG. • Inform/ educate staff that when requesting a coeliac screen they must ensure that this includes a serum IgA level • All positive results to be referred to named consultant for action. If tTG >100, to be referred with request for further diagnostic testing to include EMA and HLA typing as well as repeat TTG if initial TTG > 100 • Consultant to present results to the biochemistry team.
6107	Use of general anaesthetic (GA) for colposcopy treatment
	<ul style="list-style-type: none"> • After three months all cases performed under general anaesthetic will be reviewed and each discussed with the appropriate surgeon. • All surgeons performing this procedure to be contacted to advise of the requirement for tissue depth to >7mm for ectocervical lesions.
6264	Termination of pregnancy
	<ul style="list-style-type: none"> • Consent forms stamped with risks/complications, this is an interim measure until re-printed consent form available • Produce bespoke consent forms. Work started on first draft for printers, this will include EIDO leaflet number

	<ul style="list-style-type: none"> • Patient information – Ensure all information given is recorded on Lilie template for surgical treatment as currently with medical treatment. Adjusting surgical treatment template. • Review policy for medical management three week follow up. Consider changing pregnancy test to 30 days post 2nd part as recommended by Royal College of Obstetricians and Gynaecologists. Ensure patient information states - we will try on three occasions at different times, then patient will be discharged. • Investigate the viability of encouraging patients to phone with result on designated phone number.
6265	Unborn baby protocol
	<ul style="list-style-type: none"> • Present the results at obstetrics and gynaecology audit meeting, Team leaders and trust executive safeguarding children's committee. • Await updated unborn baby protocol, then re-launch. • Remind staff about documentation of handover and the importance of face-to-face communication with GP/ health visitor and documentation of this through the team leader meetings.
6276	Standards for safeguarding children <16 years by Torbay Sexual Medicine Service
	<ul style="list-style-type: none"> • No actions needed.
6284	Antenatal and post-natal mental health
	<ul style="list-style-type: none"> • Take results to team leaders meeting. • Circulate results to all midwives' enforcing the need to ask the post-natal questions and complete the appropriate section of the purple notes at discharge. • Feedback results to health visitors.
6307	NICE BCA - Sacral nerve stimulation for urge incontinence and urgency-frequency
	<ul style="list-style-type: none"> • No action plan required
6196	Surviving sepsis
	<ul style="list-style-type: none"> • Amend managing sepsis bundle pending issue of updated guidelines • Education/ training of medical and nursing staff re the correct implementation of 'bundle' • Update of 'Surviving Sepsis' local guidelines when international update available
6262	20 Week obstetric scans
	<ul style="list-style-type: none"> • Saving images to PACS is something we need to improve - remind all staff at end of session to check all six images are saved
6289	Inpatient angiography turnaround times
	<ul style="list-style-type: none"> • No plan required
6294	Pre-operative localisation of parathyroid adenomas using ultrasound and sestamibi scans
	<ul style="list-style-type: none"> • No plan required

6297	Use of paediatric gonadal shielding in hip and pelvis radiographs
	<ul style="list-style-type: none"> No plan required
6306	Adequacy of imaging the cervical spine (C-Spine) in trauma referrals from emergency department
	<ul style="list-style-type: none"> Highlight importance that complete set of adequate views is needed - importance raised at audit meeting Recommended that radiologists advise that further imaging is needed and then to document this - highlighted at audit meeting CT request forms from the emergency department need to document discussion has taken place with the Radiologists
6310	Radiological wire localisation of breast lesions
	<ul style="list-style-type: none"> Ensure all radiology staff document skin markings have been made on CRIS - present findings to radiology staff

The report of one national confidential enquiry was reviewed by the provider in 2013/14 and South Devon Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

ND0097 – Death following a diagnosis of alcohol-related liver disease (NCEPOD)
<ul style="list-style-type: none"> All patients presenting to hospital should be screened for alcohol misuse All patients presenting with a history of harmful drinking should be referred to alcohol support services The hospital should have a 7-day alcohol specialist nurse service The hospital should have a multidisciplinary alcohol care team lead by a consultant with dedicated sessions Patients with de-compensated alcohol related liver disease should be seen by a gastroenterologist within 24 hours (72 hours) Escalation of care should be pursued for alcohol-related liver disease patients who deteriorate acutely

Research

The number of patients receiving relevant health services provided or sub-contracted by South Devon Healthcare NHS Foundation Trust in 2013/14 that were recruited during that period to participate in research approved by a research ethics committee was 1293.

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 354 clinical research studies during 2013/14 in 30 medical specialities.

63 clinical staff participated in research approved by a research ethics committee at South Devon Healthcare NHS Foundation Trust during 2013/14. These staff participated in research covering 30 medical specialties.

As well, in the past year more than eight publications have resulted from our involvement with the National Institute Health Research, which shows our commitment to transparency and desire to improve patient outcomes and experience across the NHS.

Our engagement with clinical research also demonstrates South Devon Healthcare NHS Foundation Trust's commitment to testing and offering the latest medical treatments and techniques. Here are just a few examples of how our participating in research improves patient care.

2013-14

RCHOP vs 1421

Immunochemotherapy with rituximab and cyclophosphamide, doxorubicin, vincristine and prednisolone (R-CHOP) has become the standard of care for elderly patients with diffuse large B-cell lymphoma. A national multicentre study was conducted to see if a dose dense R-CHOP regimen over 14 days instead of the standard three week schedule was better? The results published showed the two week dose-dense R-CHOP regimen did not improve efficacy compared with the three week standard schedule.

BC2001

Torbay participated in a national multicentre study and was part of the trial management group looking at the treatment of muscle invasive bladder cancer; testing whether reducing radiation dose to uninvolved bladder while maintaining dose to the tumour would reduce side effects without impairing local control. The results showed that reduced high dose volume radiation therapy did not result in a statistically significant reduction in late side effects compared with standard whole bladder radiation therapy and other endpoints such as loco-regional control could not be concluded formally. However low rates of clinically significant toxicity combined with low rates of invasive bladder cancer relapse confirm that (chemo)radiation therapy is a valid option for the treatment of muscle invasive bladder cancer

PICCOLO study

A study looking at adding Panitumumab (a targeted therapeutic antibody) to standard chemotherapy with Irinotecan did not improve the overall survival of patients with wild type KRAS tumours in advanced colorectal cancers.

START

Results after 10 years following data from the national study looking at hypofractionation for treatment of early breast cancer has showed that "appropriately dosed hypofractionated RT is safe and effective for patients with early breast cancer" This supports the continued use of 40Gy in 15 fractions which is our standard treatment.

UNITED Study:

Torbay was one of participating centres in the UNITED study; led by a team at Exeter. To date guidelines for management of paediatric patients with diabetes assumes the majority are c-peptide negative. This study which showed that endogenous insulin production within paediatric populations is common and not restricted to the honeymoon period. This has implications for diagnosis, management and patient education and has provided some useful insight into aspects of paediatric diabetes.

Reference for Alström chapter in The Ciliopathies

Richard Paisey; Alström syndrome: Chapter 2: pages 8-29; 2014. In **Ciliopathies**; edited by Thomas D Keeny and Philip Beales; Oxford University Press ISBN 978-0-19-965876-3

The ciliopathies are a group of rare diseases that often affect multiple systems within the body and are caused by defects in the function or structure of cilia, leading to profound consequences. Alström Syndrome is one such disorder. Following internationally recognised research work lead by Torbay over many years a chapter on Alström's syndrome was written by experts from Torbay providing a clinical overview and reference to this disorder providing in depth discussion, including the latest scientific research together with a description of the features, practical guidelines on diagnosis and therapy options etc. This provides a reference for clinicians involved in the care of patients with Alström Syndrome

Service Delivery and Organisational Research:

A study led by Kings College London and the Universities of York and Oxford reviewed the development of the assistant practitioner role at SDHFT; involving interviews with relevant staff, which constituting one of six case studies conducted into innovative practices relating to nurse support roles in acute trusts. Torbay was selected; as the post had already been embedded in the trust for some years and therefore was ahead of the game. This provided the opportunity to explore and examine the role and its development in more depth. The primary aim was to develop a deeper understanding of the development of new practice in a trust, providing insight into influence of context as well as details into how and why it emerges and evolves.

CQUIN payment

A proportion of South Devon Healthcare NHS Foundation Trust income in 2013/14 was conditional on achieving quality and improvement and innovation goals agreed between South Devon Healthcare NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

Details of the 2013/14 CQUINs can be found in this report and are available online through the trust website.

In 2013/14 the potential value of the CQUIN payment was £3,793,615 and income subsequently received was £3,300,073. In 2012/13 the potential value of the CQUIN payment was £4,519,547 and the income subsequently received was £4,360,278.

In 2014/15 the value of the CQUIN payment is £3,900,850.

Care Quality Commission -

South Devon Healthcare NHS Foundation Trust is required to register with the Care Quality Commission (CQC). Its current registration status is for:

- Diagnostic and screening procedures.
- Family planning services.
- Management 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.
- Termination of pregnancy.

South Devon Healthcare NHS Foundation Trust has no conditions on registration.

The Care Quality Commission has not taken enforcement action against South Devon Healthcare NHS Foundation Trust during 2013/14.

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

The trust received no unannounced visits from the Care Quality Commission during 2013/14 as part of its routine monitoring programme.

Data quality

Data quality is a key enabler in delivering high quality services. Data and information which is accurate, timely and relevant allows 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 and a more detailed data book.

Over the last 12 months, work has been undertaken to improve the range of data quality indicators with the data book. The data book now also includes complaints, clinical incidents, level of 'harm free' care and hospital-acquired pressure ulcer rates.

NHS number and general practitioner registration code

South Devon Healthcare NHS Foundation Trust submitted records during 2013/14 to the Secondary Users' service for inclusion in the hospital episode statistics which are included in the latest published data. The percentage of records in the published data, as of February 2014 (Month 11), which included the patient's valid NHS number was:

- 99.6% for admitted care.
- 99.7% for outpatient care.

- 98.2% for accident and emergency care.

which included the patient's valid General Practitioner Registration Code was:

- 100% for admitted care.
- 100% for outpatient care.
- 100% for accident and emergency care.

Information governance

South Devon Healthcare NHS Foundation Trust information governance assessment report overall score for 2013/14 was 88% and was graded green.

Clinical coding

South Devon Healthcare NHS Foundation Trust was subject to the payment by results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatment coding (clinical coding) were:

Cardiac procedures and cardiac disorders.

Clinical Coding					
Area	% Clinical codes incorrect	% Diagnosis incorrect		% Procedures incorrect	
		Primary	Secondary	Primary	Secondary
Cardiac procedures	3.6	8.0	3.9	0.0	1.7
Cardiac disorders	6.9	6.0	6.5	12.5	33.3

Urological and male reproductive system procedures and disorders

Clinical Coding					
Area	% Clinical codes incorrect	% Diagnosis incorrect		% Procedures incorrect	
		Primary	Secondary	Primary	Secondary
Urological and male reproductive system procedures and disorders	12.4	9.0	11.2	6.4	29.6

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

Data quality improvements: looking back 2012/13

South Devon Healthcare NHS Foundation Trust committed to take the following actions to improve data quality in 2013/14:

- **Giving clinicians access to information as part of service line reporting to support their clinical duties and also help identify and resolve any data quality issues.**

Over the last year seven specialities have been provided with service line reporting training and are now using service line reporting to understand the cost of their services. These specialities are radiology, dermatology, rheumatology, trauma and orthopaedics, cancer services, obstetrics and gynaecology.

Finance is continuing to rollout service line training and working with clinical teams to ensure that any data quality issues are resolved. In the next 12 months 20 of the 35 remaining specialities will be provided with information and trained on using and interpreting the data.

- **Publish the ICT Strategy by summer 2013 with a heavy emphasis to implement systems which support data quality.**

The ICT strategy was published in July 2013. Core to this strategy is improving data quality through reducing the level of duplication of information whether this is from paper to an IT system or an IT system to another IT system.

The trust is in the process of procuring a clinical portal to ensure that information is not unnecessarily duplicated and clinical teams have access to real time information no matter where they work.

- **Start to implement the new Emergency Department IT system which will involve paperless working by August 2014**

The new IT system is planned to go live in August 2014 and clinical teams have been working with IT colleagues to ensure the new paperless system captures the right information, at the right time in close proximity to where the patient is being treated.

- **Implement fully patient-held records system for the diabetic service providing patient's visibility of data, errors or omissions which can be fed back to the areas concerned. Sharing laboratory results, care plan summaries, outpatient outcome letters.**

Patient Knows Best has now been set up for use by anyone with diabetes in Torbay and South Devon. Work has been progressing to share information generated by the hospital such as outpatient letters and laboratory results. This work has not been completed within the year so will remain a priority for 2014/15.

- **Implement UltraGenda, enterprise wide laboratory scheduling for clinicians by producing events, clinical pathway required for oncology by December 2013. The system automation minimises manual errors.**

UltraGenda has now been implemented in the inpatient service in oncology.

- **Create a test environment for a clinical portal by summer 2013 and when fully tested start to roll out to 80% of the clinical teams by March 2014.**

Over the last 12 months a clinical portal test environment has been developed which has allowed clinicians to provide feedback on the development of the portal. A detailed specification has been developed and the trust has now gone out to procure a system. The priority for 2014/15 will be to fully implement the system within Torbay Hospital.

- **Electronic document management: continue to develop the use of this product and support areas with paperless/paper light working. Pilot using the iPad for outpatient data capture will be undertaken by speech and language therapy.**
- The pilot in speech and language therapy has been completed and further improvement potential to the iPad software identified. The improvements have been incorporated into the product development roadmap and additional pilot areas have been undertaken, for example in physiotherapy. A full business case for full deployment of iPads for outpatient data capture is currently being developed.
- **Deployment of clinical mobile devices based on the Apple iPad and iPhone to record and review information on the wards and at the patient's bedside using systems such as VitalPAC to record vital signs observations**

To date over 145 Apple iPod touches and 80 iPads have been deployed across the hospital to enable clinical staff to take vital signs observations and act on the information received. The devices are used by the patient's bedside with information recorded in real time.

- **Rollout additional software modules of VitalPAC around infection prevention and automatic doctor escalation and feedback.**

VitalPac has a number of additional modules including blood clot assessment, infection control and doctor escalation. The blood clot module is being piloted from spring 2014 and a decision is currently being taken whether to use the surveillance component of the infection control module. The trust is not using the doctor escalation software and alternative products are being considered.

- **Continue the rollout of the surgical operation note to enhance patient care and make information available to all clinicians via the clinical portal. Eleven specialties are live with the surgical operation note, with three still to go live, although one of the three is trauma and orthopaedics one of the largest surgical areas.**

The surgical operation note has been rolled out to all surgical specialties in all theatre areas.

- **Work with staff managing information assets (databases and IT systems) to review the data quality via regular data quality audits and spot checks.**
- The health informatics governance team have introduced a programme of data quality spot checks and audits on the hospital's databases and IT systems. The outcome of these checks/audits and subsequent actions are reported to the

information governance group whose role is to assure good data/information processes.

- **Act on any recommendations from the external audit of the 2012/13 quality account. –**

PricewaterhouseCoopers undertook three data quality audits as part of the 2012/13 quality account requirements.

The following indicators were audited:

External Data quality audits 2012/13
Clostridium difficile
Measurement criteria: All infections which occurred in an individual aged 2 years old or older, where a specimen is taken at least three days after admission.
Findings: No issues identified
62 day cancer wait
Measurement criteria: All urgent two-week wait GP referrals, which receive first definitive treatment for cancer within 62 days of the date at which the referral was received.
Findings: Two issues identified, neither of which had an impact on the external auditor providing a limited assurance report.
Patient safety incidents
Measurement criteria: All unintended or unexpected incidents that could or did lead to harm of a patient - with severe harm and death - resulting in permanent harm or death.
Findings: No errors identified in sample tested. One control issue identified

For the 2013/14 quality account the external auditor has agreed to undertake the following audits. The trust will act on the findings when information is published.

- Clostridium difficile
 - 62 day cancer wait
 - Dementia: find (*data quality indicator chosen by the trust governors*)
- **Act on the recommendations of four data quality audits undertaken from the trust board's performance dashboard indicators**

Internal audit have undertaken two data quality audits from the trust's dashboard. One data quality audit (dementia) has formed part of the external auditor's work for 2013/14. One audit has been deferred until 2014/15.

Referral to Treatment Time (RTT) - % of incomplete pathways

Summary: A total of 100 electronic patient records were reviewed to confirm that each had been correctly recorded and reported as an incomplete pathway, and that the waiting time from referral had been correctly calculated. Positive assurance can be provided for the data quality for this indicator, based on the sample findings, as it was confirmed that both the status of incomplete pathway and the calculated waiting time for each patient record was accurate for 98% of those records reviewed.

Recommendations: None

Early warning trigger tool

Summary: The completion of the Early Warning Trigger Tool (EWTT) is a subjective process and, as such, is liable to potential inconsistencies within the data submitted. The trust has issued guidance regarding the completion of the EWTT, which includes identifying data sources for each question contained therein. It was found, within the areas reviewed, that the data sources identified within the guidance were used for an average of 69% of the submitted responses.

The process of consolidating the individual EWTT reports into the master EWTT, which informs trust performance reporting, is a manual task. This was reviewed and it was found that 67% of the individual ward/area reports (six out of nine) were consistent with the master EWTT report.

Recommendations: The trust may wish to review the Early Warning Trigger Tool (EWTT) Guidance Procedure (December 2010) to confirm that the Data Sources listed therein are appropriate, current and suitably defined. Particular attention should be given to the Data Sources listed against Questions 2, 3 and 4 (vacancy rate, unfilled shifts rate and sickness absence rates respectively) as these were not used by any of the ward/areas reviewed.

The trust should ensure that the master Early Warning Trigger Tool reconciles exactly to the locally completed returns, to allow for accurate and consistent performance reporting.

Actions: The Patient Safety Lead is taking forward the recommendations with an updated report to the Audit Committee in due course.

Diagnostic tests longer than 6 weeks

Due to insufficient resources this audit has been deferred until 2014/15.

Data quality improvements: looking forward 2014/15

South Devon Healthcare NHS Foundation Trust has committed to take the following actions to improve data quality in 2014/15:

- Implement the new emergency department IT system by Dec 2014.

- Implement the clinical portal across the hospital to support clinical teams accessing patient information by March 2015
- Procure clinical coding audit software to facilitate the increasing the number of coding audits undertaken in a year and define a further detailed coding audit programme by September 2014
- Act on the recommendations of the three data quality audits undertaken from the trust board's performance dashboard indicators and the three data quality audits undertaken by the external auditor as part of the trust's annual quality account.

Mandated quality indicators

The trust continues to publish a core set of quality indicators and statements as mandated in the Quality Account Regulations.

Previous quality indicators from last year's report have been included where they usefully supplement the mandated indicators.

For each indicator South Devon Healthcare NHS Foundation Trust considers that this data is as described, for the following reasons.

- Data is collected, collated and reported by the trust following agreed local, regional or national criteria.
- Information is shared internally and published externally where appropriate.
- Data is audited periodically to ensure high quality data is reported.

The quality indicators are broken into the three areas: safety, clinical effectiveness and patient experience to allow for easier comparison.

Safety

<u>Quality indicator</u>	<u>Source</u>	<u>National target</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>	<u>2010/11</u>	<u>End of year performance against Target</u>
VTE risk assessed	UNIFY	95%	94%	92%	n/a	n/a	
	<p><i>In 2013/14 the lowest performing trust was 63.2% and the highest was 100%. The national average was 98%</i> South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this %, and so the quality of its services through:</p> <ul style="list-style-type: none"> • Monitoring performance on a weekly basis and working with the clinical areas and clinical teams to improve the process of recording VTE assessment. One of the challenges is that the electronic recording of data does not pick up all of the actual assessment done. • The operational teams have streamlined the business process to improve completion rates however there is further work to be done in 14_15. This will focus on supporting migration to 						

	<p>electronic clinical recording using vital pack and then the e-prescribing system when this is implemented.</p> <ul style="list-style-type: none"> Clinical coding - Clinical coding will be piloting coding VTE assessment information from the drug charts as part of the coding process. 						
Number of clostridium difficile cases (rate per 100,000 bed days)	Health Protection Agency (6a)		9.6	17.5	19.5	21.1	
	<p>The Rate for 2013_14 is based on the period between December 2012 and November 2013. The rate of 9.6 / 100,000 bed days is based on 12 Cdiff infections in the 12 month period In 2013/14 the worst performing trust rate was 37.5/100,000 bed days and the best performing trust rate was 2.4. The national average rate was 15.2.</p> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this rate, and so improve the quality of its services through:</p> <ul style="list-style-type: none"> Improvements to the physical estate to improve cleanliness and deep cleaning Programme of deep cleaning using decant ward. Hand washing and infection control escalation management 						
Number of never events	Safeguard	0	2	2	0	0	
	<p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number to zero and so improve the quality of its services through:</p> <ul style="list-style-type: none"> Checking that the lenses are the correct strengths at the biometry stage (stage when measurements are taken) as well as at the pre-insertion stage through completing the WHO checklist. 						
Number of patient safety incidents	Safeguard	Not applicable	5188	4506	4854	4577	Not applicable
	<p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> Actively encouraging the reporting of incidents via the online safeguard system. During clinical induction the importance and relevance of this is explained and a simple on line video of 'how to report and incident' is available Reviewing all incidents by the ward/area managers which are then signed off by the Divisional Clinical Governance Leads with appropriate actions. 						
Number and % of such patient safety incidents that resulted in severe harm or death.							
Number	Safeguard		13	25	50	79	Not applicable
%	Safeguard	10% reduction yr on yr	0.1%	0.55%	1.03%	1.7%	Not applicable
	<p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> Reviewing all serious incidents. This includes the ward manager, matron and divisional governance coordinator. This results in a root cause analysis (RCA) being undertaken which results in lessons learned and an action plan. This RCA is presented to the trust Serious Adverse Events Review Group. The Groups monitor progress against the actions. 						

Clinical effectiveness

Quality indicator	Source	National benchmark	2013/14	2012/13	2011/12	2010/11	End of year performance against Benchmark
% of patients aged readmitted to hospital within 28 days	Dr Foster						
• 0-14			3.75%	4.39%	3.11%	4.28%	
Relative risk for patient 0-14		100*	69.24	78.02	57.36	73.76	
• =>15			7.65%	7.82%	7.53%	7.92%	
Relative risk for patients => 15		100*	96.36	98.31	99.65	101.1	
<p>The data used to benchmark readmission rates is taken from Dr Foster. The relative risk score represents how the trust performs against the national benchmark of 100. Overall the trust performs better than the expected rate based on the national benchmarking and has seen an overall improvement in the last year.</p> <p>The national average benchmark is 100</p> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> Continuing to monitor clinical outcome benchmarks led by the director of patient safety to maintain and improve this percentage, and so the quality of its services. 							
Summary hospital mortality indicator (SHMI)	Dr Foster / HSCIC	100*	92.91	95.58	96.97		
Hospital Standardised Mortality Ratio (HSMR)	Dr Foster	100*	94.5	92.6	95.0		
<p>The Summary Hospital-Level mortality Indicator, or SHMI, is a measure that takes account of a number of factors including a patient's condition. It includes patients that have died in hospital or within 30 days of being discharged from hospital. The SHMI score is measured against the NHS average which is 100.</p> <p>The Hospital Standardised Mortality Ratio or HSMR is a measure of death recorded in hospital benchmarked against other hospitals.</p> <p>For SHMI and HSMR a score below 100 denotes a lower than average mortality rate and indicates good, safe care.</p> <p>SHMI data is published in arrears so the latest data is for the period July 2012 to June 2013</p> <p>The highest SHMI score = 115. The Lowest Trust score = 65. National average = 100</p> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> Continuing to monitor clinical outcome benchmarks led by the director of patient safety. On-going quality improvement programmes to build on our work with the wider health community and integrated care model Maintaining strong clinical governance systems with peer mortality review programme 							

% of patient deaths with palliative care coded at either diagnosis or speciality level	HSCIC	Oct 12 – Sept 13	April 12-Mar 13	April 11- mar 12	
SDHFT coding %		16.9%	15.5%	14.0%	
<p><i>The Palliative care coding rate for recorded deaths at SDHFT has been consistent and is within expected levels. This rate is used as a data quality marker against the SHMI and HSMR benchmarking. Having palliative coding rates at expected levels gives greater assurance against the validity of the SHMI and HSMR values. A high rate of palliative care coding would indicate lower confidence in the SHMI.</i></p> <p><i>Between Oct-12 –Sept 13 the highest trust rate was 44.9% and the lowest was 0%. The national average palliative care coding rate was 21.1%</i></p> <p>South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this number, and so the quality of its services through:</p> <ul style="list-style-type: none"> Ensuring review of palliative care coding rates, data collection and continuous improvements within clinical coding teams. 					

Patient experience

Quality indicator	Source	Benchmark (National)	2013/14	2012/13	2011/12	2010/11	End of year performance against Benchmark
Patient Reported Outcome measures	HSCIC		April 13 - Dec 13	April 12 - Mar 13	April 11- Mar 12		
Groin hernia surgery <i>National average=0.086</i> <i>Highest rate= 0.157</i> <i>Lowest rate= 0.0134</i>			0.053 adjusted average health gain	0.083 adjusted average health gain	0.089 adjusted average health gain		
Varicose vein surgery			n/a due to low numbers	n/a due to low numbers	n/a due to low numbers		
Hip replacement surgery <i>National average= 0.439</i> <i>Highest rate=0.527</i> <i>Lowest rate = 0.301</i>			0.443 adjusted average health gain	0.437 adjusted average health gain	0.392 adjusted average health gain		
Knee replacement surgery			0.368	0.329 adjusted average	0.309 adjusted average		

National average= 0.330 Highest rate= 0.416 Lowest rate= 0.193					health gain	health gain		
	South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement: <ul style="list-style-type: none"> Reviewing participation rates to ensure good sample size to support confidence in outcomes Sharing PROMS data with clinical teams 							
Staff recommendation of the trust as a place to work or receive treatment	Friends and Family Q12D	Not applicable	82	3.85	3.79	3.57		
	<i>The 2013/14 score is a new national score and related to CQUIN payments for acute trusts participating in the national NHS Staff Survey. The average score for acute trusts is 68.</i> South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement: <ul style="list-style-type: none"> KF 10 Percentage of staff receiving health and safety training in the last 12 months. KF 18 Percentage of staff experiencing bullying, harassment or abuse from patients, relatives or the public in the last 12 months KF 27 Percentage of staff believing the trust provides equal opportunities for career progression or promotion KF 28 Percentage of staff experiencing discrimination at work in the last 12 months 							
Overall patient experience	NHS Inpatient survey	Not applicable	8.4	8.1	Not applicable	Not applicable		
	<i>In 2013/14 the best performing trust scored 10 and the worst performing trust scored less than 8. There is no national average.</i> South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services through: <ul style="list-style-type: none"> Acting on feedback received Acting on emerging trends 							
F and F: Inpatients	Friends and Family Test		69	Not applicable	Not applicable	Not applicable		
F and F: A & E			37					
	<i>The Friends and family data is published data for March 2014. This is the latest national published dataset as of May14. Since March the trust has continued to improve its score. The trust currently scores 72 (inpatients) and 55 (A&E).</i> <i>In March 2014 the lowest performing trust (inpatients) was 28 and the highest was 100. The national average was 73. The lowest performing trust (A&E) was 1 and the highest was 89. The national average was 54.</i> South Devon Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services through: <ul style="list-style-type: none"> Increasing the response rate Acting on feedback received 							

Part 3: Our performance in 2013/14

Overview

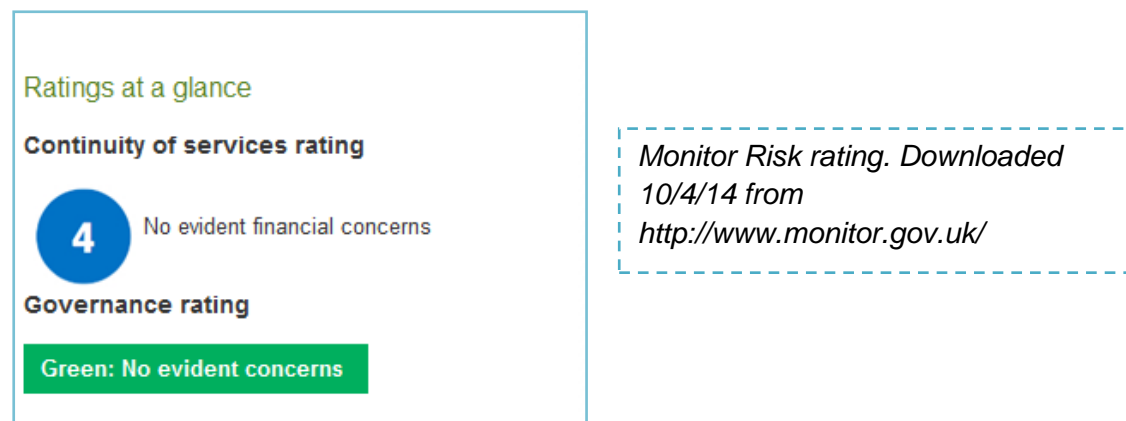
Torbay Hospital is a Foundation Trust and as such is accountable to a number of different organisations for the delivery of high quality care as well as to the patients, families and carers who access our services at the Hospital. Currently, we are accountable to

- Monitor, our regulator
- The Care Quality Commission (CQC)
- The commissioners via the various health contracts
- Our local communities through our members and governors

To ensure that we deliver high quality care we have robust arrangements in place to monitor our organisational performance and to make sure that annual national and local agreed standards and targets are met. This includes five governance work streams which report to the trust board.

The work streams are made up of senior clinicians, nurse leads, trust executives and are chaired by non-executive directors. Governors attend as observers and the local commissioners attend both the safety and experience committees.

The trust board also receives monthly board reports, a data dashboard and a detailed data book indicating our latest performance and actions to address issues. We meet with commissioners to share information provide updates and to review our performance monthly and we provide information to Monitor on a quarterly basis.



Good governance, sound financial management and high clinical standards are at the heart of ensuring we are performing well.

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	Quality indicator	Target 13/14*	13/14	12/13	11/12
C.difficile year on year reduction	Safety	18	17	21	24
MRSA - Meeting the MRSA objective	Safety	0	1	1	0
Cancer 31 day wait from diagnosis to first treatment	Effectiveness	96%	98%	98%	98%
Cancer 31 day wait for second or subsequent treatment: surgery	Effectiveness	94%	98%	97%	97%
Cancer 31 day wait for second or subsequent treatment: drug treatments	Effectiveness	98%	99%	100%	100%
Cancer 31 day wait for second or subsequent treatment: radiotherapy	Effectiveness	94%	97%	98%	97%
Cancer 62 day wait for first treatment (from urgent GP referral)	Effectiveness	85%	91%	88%*	90%
Cancer 62 day wait for first treatment (From consultant led screening service referral)	Effectiveness	90%	97%	96%	93%
Cancer two week wait from referral to first seen date	Effectiveness	93%	95%	97%	97%
Cancer breast symptoms two week wait from referral to first seen date	Effectiveness	93%	96%	98%	100%
A&E – total time in A&E	Experience	95%	96%	96%	98%
Referral time to treatment time, admitted patients	Experience	90%	90%	92%	93%
Referral time to treatment time, non admitted patients	Experience	95%	96%	96%	97%

**These are Monitor mandatory targets applicable to all Foundation Trusts*

Mandated quality indicators

These are reported in part 2 of the Quality Account.

NHS Operating Framework and local priorities

We also collect from our local IT systems a range of data and report them against national and local measures to inform the trust on quality and performance. These include:-

Other National and local priorities	Quality indicator	Target 13/14	13/14	12/13	2011/12
Smoking during pregnancy	Effectiveness	15%	16.8%	15.0%	15.8%
Breastfeeding initiation rates (% initiated breast feeding)	Effectiveness	76%	75%	76%	74.6%
Mixed sex accommodation breaches of standard	Experience	0	12	1	9
Cancelled operations on the day of surgery	Effectiveness	0.8%	1.1%	1.2%	0.7%
DNA rate	Effectiveness	6.0%	5.9	5.9%	6.0%
Diagnostic tests longer than the 6 week standard	Effectiveness	1.0%	0.6%	1%	1.5%
Rapid access chest pain clinic waiting times: seen in 2 weeks	Effectiveness	98%	98%	100%	100%
Primary PCI within 150 minutes of calling	Effectiveness	68%	90%	85%	88%
Patients waiting longer than three months (13 weeks) for revascularisation	Effectiveness	0%	0%	0%	0%
Stroke care: 90% of time spent on stroke ward	Effectiveness	80%	79%	79%	89%
Summary hospital mortality indicator (SHMI)	Safety	100	92.91	95.58	96.95
Ethnic coding data quality	Experience	80%	95%	94%	95%
Patient Environment Action Team Assessment (PEAT)	Experience		Good	Good	Good

In 2014/15 we will continue to use a range of metrics to measure the quality and performance of the organisation. We also have named leads taking forward actions where we are currently underperforming. We will continue to make this more accessible to the public through our website and various publications.

Engagement in developing the quality account

Prior to the publication of the 2013/14 quality account we have shared this document with:

- Our Trust governors and commissioners
- Healthwatch
- Torbay Council Health Scrutiny Board
- Devon County Council's Health and Wellbeing Scrutiny Committee
- Trust staff

As in previous years, we continue to hold an annual stakeholder engagement event inviting key stakeholders to come together and recommend the priority areas to be included in this year's quality account.

This year we broadened the engagement event to include carers, with local carers from different age ranges included for the first time. We also shared the outcomes of our improvement work from the previous year with the stakeholders with presentations from clinicians. The feedback from the event continues to be positive with stakeholders feeling engaged in the development of the quality account.

In 2014/15 we will continue to share our progress against the quality improvement priorities and continue to work closely with the users of our services to improve the overall quality of care offered.

Statements from Commissioners, Governors, OSCs and Healthwatch

Statement from Devon County Council's Health and Wellbeing Scrutiny Committee on South Devon Healthcare NHS Foundation Trust's Quality Account 2013/2014

Devon County Council's Health and Wellbeing Scrutiny Committee has been invited to comment on the South Devon Healthcare Foundation Trust Quality Account 2013/14. All references in this commentary relate to the reporting period 1st April 2013 to 31st March 2014 and refer specifically to the Trust's relationship with the Scrutiny Committee.

The Scrutiny Committee commends the Trust on a comprehensive Quality Account 2013-14 and believes that it provides a fair reflection of the services offered by the Trust, based on the Scrutiny Committee's knowledge. The Scrutiny Committee welcomes the progress made against the five priorities for improvement over the last year and congratulates the Trust in having consistently high percentages of patients who were extremely or very likely to recommend the service to their friends and family. The Committee also commends the very positive outcomes achieved with the implementation of the integrated heart failure service.

In light of the improvement in pressure sore reporting, but not number, the committee looks forward to the continuation of the focus to decrease the incidence.

The Francis Review provoked a significant challenge to public organisations involved in providing, commissioning, evaluating and improving health care throughout the country. Local Authority scrutiny was specifically criticised for a lack of oversight and rigor in holding NHS organisations to account. The Health and Wellbeing Scrutiny committee undertook a spotlight review earlier this year to further consider how to hear the voice of vulnerable people and maintain an active challenge in order to ensure that the work of scrutiny is as effective as it possibly can be. The review demonstrated that it is only by working with other agencies and sharing information that scrutiny can identify and work in partnership to improve areas that are underperforming. The challenge is laid at the door of the County Council the NHS and other partners to work with the mechanisms of democracy to help develop services from a person centred perspective. The Committee would like to further explore with the Trust how this may be possible, including regular sight of NHS Friends and Family test data and mortality rates for example.

The Committee fully supports the five priorities for improvement in 2014/15 and looks forward to continued partnership working.

May 2014

Statement from Torbay Council's Health Scrutiny Board on South Devon Healthcare NHS Foundation Trust's Quality Account 2013/2014

South Devon Healthcare NHS Foundation Trust's Quality Accounts 2013/2014 has been considered by representatives of Torbay Council's Health Scrutiny Board. The clarity with which the Trust has explained how it has met its priorities for 2013/2014 and what its priorities are for the forthcoming year is welcomed.

It is encouraging that there are references throughout the Quality Account which highlight the enthusiasm for pursuing the creation of an Integrated Care Organisation to serve the population of Torbay. This now needs to be turned into a reality in order to help further partnership working across health and social care.

The Quality Accounts for each of the Trusts operating in Torbay were considered at the same time and this allowed for the inter-relationships between the different initiatives in different

Trusts to be examined, in particular the priority around reducing the incidences of pressure ulcers. It is encouraging that there are consistent themes across all of the Quality Accounts.

The Board met with representatives of South Devon Healthcare NHS Foundation Trust, South Western Ambulance Service NHS Foundation Trust and South Devon and Torbay Clinical Commissioning Group in February 2014 to discuss services at the Emergency Department of Torbay Hospital. It was clear that all organisations were working together to improve services to the public. This partnership working needs to be embedded throughout all health and social care organisations in Torbay. It should include more timely communications between the hospital professionals, GPs and social workers to ensure a truly joined-up approach for residents and visitors.

Looking forward to the priorities for the coming year, it is highlighted that there appears to be a lack of post-bereavement support in Torbay, especially amongst those with no family living close by. This could be addressed under Priority 4: Bereavement.

The Board commends South Devon Healthcare NHS Foundation Trust for its openness and transparency of its operations. Given the reducing availability of resources in the public sector, the Board would seek to ensure that all Trusts continue to work together for the benefit of the whole Torbay community.

May 2014

Statement from South Devon and Torbay Clinical Commissioning Group on South Devon Healthcare NHS Foundation Trust's Quality Account 2013/2014

South Devon and Torbay Clinical Commissioning Group (SDT CCG) is lead commissioner for South Devon Healthcare NHS Foundation Trust (SDHFT) and is pleased to provide our commentary on the Trust's Quality Accounts for 2013-14.

SDT CCG has taken reasonable steps to corroborate the accuracy of data provided within this account. We have reviewed and can confirm that the information presented in the Quality Account appears to be accurate and fairly interpreted, from the data collected regarding the services provided. The Quality Account demonstrates a high level of commitment to quality in the broadest sense and we commend it.

We note the clinical audits that the Trust report involvement with, and those they were unable to participate in. We also note with interest the various improvement actions required as a result of the audits, and look forward to seeing next year's Quality Account report on the progress made and the improved outcomes.

A number of incentive schemes under Commissioning for Quality and Innovations (CQUINs) this year have been agreed with commissioners, which demonstrate the organisation's determination to continually improve the quality of care.

Looking Back

We were pleased to support the priorities selected by the Trust last year and in particular the initiative to reduce the numbers of patients who developed pressure ulcers whilst staying in the hospital. Pressure ulcers cause pain and discomfort, and can cause infection. Preventing them from starting, and healing them quickly when they begin, is an important patient safety priority. We note that the Trust has seen a small increase in the numbers of grade 3 and 4 pressure ulcers, which is disappointing but which may demonstrate better reporting of such incidents. It is encouraging to see that the Trust is collaborating with other organisations to share learning across the local care system, and we will continue to monitor the incidence of pressure ulcers very closely.

The initiative to roll out the 'enhanced recovery in medicine' onto three further wards is noted. The CCG is very supportive of the principles of enhanced recovery. We would be very interested in hearing more next year about how the programme is improving the patient and carer experience.

The Trust reports improvements in the care of patients with heart failure, as a result of the integrated heart failure programme. The CCG is pleased to see the focus within the Trust on patients with heart failure, in this novel initiative, although it is not very clear in the account what the real benefits for patients are. We look forward, therefore, to seeing over the next year exactly how the five heart failure nurses and the telehealth project are improving patient and families experiences of care and outcomes.

The Trust reports that it is developing new ways of supporting patients and their families at the end of life, and that eight members of staff have now attended Enhanced Palliative Care Skills course, which is commendable, as is the newly developed bundle of resources. The CCG is keen to see the care for people at the end of life really enhanced, and their families experiences also similarly improved, and we look forward to seeing the measures used across the local care community during the next year, where the background work done last year will then become more apparent.

In particular we are pleased to note the apparent success of the pilot to test seven day services. We look forward to the analysis of the pilot and the way in which the Trust will use the results to inform future working arrangements. We are very supportive of initiatives that mean efficient, seven day services for patients across the hospital.

With respect to the CQUINS for 2013-14, we note that the Trust has reported in some detail on two of the nine schemes. One of these, the friends and family test (FFT) is of particular interest both nationally and locally as the NHS seeks to embed the FFT throughout the system. We are encouraged to see the positive comments from patients and note the good scores that the Trust has achieved for feedback. However, it is disappointing to note that the Trust has not been able to achieve the level of patient feedback needed in A&E during the year. We support the Trust's renewed focus on achieving the target for FFT across the hospital, and with staff in the coming year, and we will continue to monitor the achievements against target in all departments.

We also note the results of the Trust's performance in respect of the Dementia CQUIN, which has been a challenge for the organisation. The Trust rightly states that it needs to implement a more reliable system for the initial identification of patients with dementia and we support their stated continued focus on increasing the use of the screening tool. We will be monitoring this CQUIN as well as all the others through our CQUIN panel process.

Looking Forward

The CCG is happy to support the five quality improvement priorities chosen for next year as set out in the Quality Account. The patient safety focus on sepsis, pressure ulcers and falls is particularly welcome. Sepsis is a very real threat to adults and children, and early recognition and treatment in all age groups can be a real life saver. The Trust proposes to implement a sepsis bundle across the organisation, which is very welcome, and the CCG will be fully supportive of this initiative. The Trust is already working with partner agencies on the development of a care pathway for sepsis in children and their contribution to date has been invaluable. We have already noted the work across the care community to improve pressure ulcer prevalence and it is pleasing to see that this remains a priority for 2014-15.

The CCG has a focus on frailty, and is fully supportive of the Trust's plan to instigate a frailty scoring tool as part of the enhanced recovery in medicine initiative as well as on improving dementia care. We are pleased to see a focus on bereavement support and timeliness of information being sent to GPs when a patient dies. We are also pleased to see discharge planning is also receiving more focus in the year ahead, with plans to improve the support given to carers.

General Comments

Quality Accounts are intended to help the general public understand how their local health services are performing and with that in mind they should be written in plain English. SDHCT have produced a comprehensive, attractive and well written Quality Account which is easy to read and clearly set out.

We feel that the Trust's attention to quality and safety is highly commendable and we are pleased to note the continued focus on patient safety. We note the 2 Never Events that occurred in ophthalmology and the learning the Trust has taken as a result of these unfortunate patient safety incidents, and we would caution that this learning needs to be embedded across the whole organisation.

We were particularly pleased to see the Trust's response to the Francis recommendations. During our regular quality reviews we are continually given evidence of the Trust's determination to ensure safe, high quality care. There are routine processes in place within SDHCT to agree, monitor and review the quality of services throughout the year covering the key quality domains of safety, effectiveness and experience of care.

Overall we are happy to commend this Quality Account and SDHCT for its continuous focus on quality of care.

NHS South Devon and Torbay Clinical Commissioning Group

May 2014

Statement from Governors on South Devon Healthcare NHS Foundation Trust's Quality Account 2013/2014

The Council of Governors has continued to work closely with the Board, and though the year has been marked by some challenges within the Trust's governmental structure, the governors have been assured that these have had no impact of any kind on the very high standards of treatment and patient care that were publicly recognised and acclaimed in previous governors' statements.

During the year, governors have continued to consider ways in which the non-executive directors (NEDs) of the Board can be held to account, as presaged in last year's statement, and mechanisms have been devised to support this responsibility. A buddying system has been put in place, and each member of the governors' Nominations Committee is partnered with one of the NEDs. The indications are that this is working well, and informal meetings between buddies are happening. In addition, the lead governor has been identified as the principal functional link between the NEDs and the governors in general and members of the Quality and Compliance Committee in particular are invited to communicate any matters related to their performance for inclusion in the annual appraisal of NEDs which is conducted jointly by the chair and the lead governor. The indications are that this too is working satisfactorily, and it is worth noting that attendance by governors at national events shows that most trusts are experiencing uncertainty about delivery of this responsibility. At South Devon we have found a meaningful way forward.

The operation of the five workstreams (and the Audit and Assurance Committee), which provide assurance on the quality of services offered at Torbay, includes at each meeting a governor observer. The governor observer's role is to provide evidence that the workstream has considered the appropriate Care Quality Commission (CQC) outcomes as part of their meeting. The governor report is shared with the workstream and presented to every meeting of the Quality and Compliance Committee. The portfolio of reports thus accumulated forms a part of the documentation which will be presented to the CQC inspectorate on the occasion of

a visit. It also enables the Quality and Compliance Committee to gain a better overview of patient safety and quality. This governor observer role continues to be central to the governors' engagement with the quality and safety agenda and the organisation's many facets of work, a feature which we believe to be unique to this Trust, and one which has been highly commended by CQC inspectors.

As governor observers are being progressively added to other operational committees, including the Pharmacy Manufacturing Board and Infection Control, there are plans, subject to Council of Governors and Board approval, to include reports from those sources within the Quality and Compliance Committee remit.

With regards to the annual quality account, representatives of the Council of Governors have again taken part as stakeholders in the annual process for the designation of priorities. After some uncertainty in the previous year, because of a change in the national policy, governors are pleased to have had a restoration of the ability to designate a data quality indicator for inclusion in the Trust's Quality Accounts for 2014/15. As will be seen elsewhere in this document, the governors have nominated dementia as their chosen data quality indicator to be audited.

The practice of inviting speakers to the Quality and Compliance Committee has continued through this year. The Director of Nursing, Professional Practice and Peoples Experience spoke especially about the management of complaints, a topic which emerges from time to time in the governors' annual survey of members. It is worth noting however that the numerical total is encouragingly small, but each is a matter of concern, and any may point to an underlying problem. It is positive to see the Trust's proactive approach to managing the root causes of these complaints.

The governors are again able to confirm that they continue to receive full assurance of the Trust's commitment to and delivery of improvement in the standard of quality.

May 2014

Healthwatch Devon

Thank you for your invitation to comment on the Quality Account for the South Devon Healthcare NHS Foundation Trust.

At the end of its first year of operation, Healthwatch Devon has prioritised two Quality Accounts for formal response – Devon Partnership Trust and the Royal Devon and Exeter NHS Foundation Trust. We have chosen these because we have existing partnership agreements in place, and working relationships that enable us to give an informed response to their reports. For our second year, we are keen to be able to respond to all Quality Accounts for the area we cover. In order to prepare for this, our aim is to secure partnership agreements with relevant providers, and to develop staff and volunteer representation on appropriate engagement and liaison groups. This will enable us, through the year, to become familiar with provider issues and challenges, and to ensure that our responses to 2014/15 Quality Accounts are based on good knowledge and understanding.

May 2014

At Healthwatch Torbay we welcome this extensive report and share the aim to achieve a high quality service experience for patients; and look forward to the chance to share feedback and work together to achieve this focus with the Trust.

With this in mind, we commend the Trust on its commitment to the friends and family test (FFT), and in particular, the new 'you said, we did' campaign. To help improve the response rate and implement the FFT in new areas, we would hope that Healthwatch Torbay can help achieve this collaboratively with the help of our own innovative new 'rate & review' system, which will also allow for up-to-date and accurate public performance data. This could hopefully be an advantage to the Trust's clinical teams when making informed decisions about patient care and service delivery.

We also applaud the Trust for its foresight at catering for the region's rapidly ageing population, even highlighting improvements in the Trust's priorities for the next 12 months. We welcome new training implemented by working with a number of volunteer agencies such as Age UK and the Royal Voluntary Service, particularly the drive to achieve 'purple angel' status and become a 'dementia-friendly' hospital.

Overall the local reputation of the hospital is strong and we receive much positive feedback. Having said that we are aware of the pressures within Accident and Emergency and hope to see some improvement in the near future. We must also highlight the ongoing challenge of re-shaping of health and social care services in Torbay and how difficult it is to face this without a permanent Hospital Chief Executive. We very much hope this situation is resolved quickly, because the planned merger of the two Trusts will need strong leadership in place to help shape it for the future.

Healthwatch Torbay sincerely hopes that the former pressure and latter challenge are not being felt in other areas of the hospital; contributing to the lower FFT scores for Ainslie and George Earle Wards, significant increase in mixed sex accommodation breaches of standard, slight increase in reported incidents pressure ulcers and two occurrences of 'Never events' - but we commend the Trust for highlighting these in the report and also the subsequent actions taken to rectify these. We look forward to gathering public opinion on how these perform over the next 12 months.

In that respect, Healthwatch Torbay believes that the way in which we all gather patient experience information could be improved, without the need to duplicate information (as outlined in the Trust's ICT strategy - p46). Although partners like the Trust clearly work hard to capture patient views and act upon them, there is still overlap and duplication between partner organisations which could be eliminated through more comprehensive engagement.

We believe this could be achieved via use of our new innovative 'rate & review' system and the information analysis and reporting tools that come with it. Using a transparent and familiar means of capturing data quality information would - we believe - ensure public views are heard in an independent way that is clearly making a significant difference, whilst also providing partners such as the Trust with a wealth of patient quality data that could go a long way to improving services for all.

We are anxious to mutually share any patient feedback with each other and look forward to continue working with the Trust over the next 12 months

May 2014

Annex 2

CQUIN 2013/14 performance - full details and outcomes at: www.sdhl.nhs.uk

			Q1 result	Q2 result	Q3 result	Q4 result
Friends and family	Roll out	Patient survey feedback				
		Observations of care				
		Friends and family update				
	Increased response rate					
	Improved score (staff)					
Safety thermometer	Data collection					
Pressure ulcer improvement						
Dementia			Find			
		Investigate				
		Refer				
		Unify return				
	Clinical leadership					
	Support for carers					
VTE	Risk assessment					
	Root cause analysis					
Enhanced recovery						
Productive discharge						
Care planning summaries		Weekday and weekends				
clinic letters						
Transfer of information (MIG)						
Heart failure						
Alcohol						
Missed doses						
Shared decision making						

Statement of Directors' responsibilities in respect of the Accounts

The directors are required under the Health Act 2009 and the National Health Service (Quality accounts) Regulations 2010 as amended to prepare quality accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, directors are required to take steps to satisfy themselves that:

- the content of the quality report meets the requirements set out in the *NHS foundation trust annual reporting manual 2013-14*;
- 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 2013 to June 2014
 - Papers relating to quality reported to the board over the period April 2013 to June 2014
 - Feedback from the commissioners (South Devon and Torbay CCG) dated 20/5/14
 - Feedback from governors dated 21/05/14
 - Feedback from local Healthwatch organisations dated 21/5/14 and 28/5/14
 - Feedback from other stakeholders involved in the sign off of the quality report dated 19/05/2014
- The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated January 2014
- The 2013 national inpatient survey dated April 2014
- The 2013 national staff survey dated February 2014
- Care Quality Commission intelligence monitoring reports dated March 2014
- The head of internal audit annual opinion over the trust's control environment dated May 2014
- the quality report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the quality report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the quality report, and these controls are subject to review to confirm that they are working effectively in practice;

- the data underpinning the measures of performance reported in the quality report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and the quality report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the quality accounts regulations) (published at www.monitor-nhsft.gov.uk/annualreportingmanual) 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:

28.05.14



David Allen, acting chair

28.05.14



Dr John Lowes, interim chief executive

Appendix two

Independent Auditor's Limited Assurance Report to the Council of Governors of South Devon Healthcare NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of South Devon Healthcare NHS Foundation Trust to perform an independent assurance engagement in respect of South Devon Healthcare NHS Foundation Trust's Quality Report for the year ended 31 March 2014 (the 'Quality Report') and specified performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2014 in the Quality Report that have been subject to limited assurance (the "specified indicators") consist of the following national priority indicators as mandated by Monitor:

<i>Specified Indicators</i>	<i>Specified indicators criteria</i>
<i>Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers</i>	<i>Criteria for the indicators can be found in the Quality Report (on page 147 of the Annual Report) on which we are giving our limited assurance opinion.</i>
<i>Clostridium Difficile</i>	

Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the specified indicators criteria referred to on pages of the Quality Report as listed above (the "Criteria"). The Directors are also responsible for the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual ("FT ARM") and the "*Detailed requirements for quality reports 2013/14*" issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- The Quality Report does not incorporate the matters required to be reported on as specified in Annex 2 to Chapter 7 of the FT ARM and the "*Detailed requirements for quality reports 2013/14*";
- The Quality Report is not consistent in all material respects with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria and the six dimensions of data quality set out in the "2013/14 Detailed guidance for external assurance on quality reports".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with the following documents:

- Board minutes for the period April 2013 to the date of signing this limited assurance report (the period);
- Papers relating to Quality reported to the Board over the period April 2013 to the date of signing this limited assurance report;
- Feedback from the Commissioners; NHS South Devon and Torbay CCG dated 20 May 2014;
- Feedback from Governors dated 21 May 2014;
- Feedback from local Healthwatch organisations: Healthwatch Devon dated 21 May 2014; and Healthwatch Torbay dated 28 May 2014;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 1 April 2014;
- Feedback from other stakeholders involved in the sign-off of the Quality Report: Devon County Council Health and Wellbeing Scrutiny Committee dated 19 May 2014; and Torbay Council Health Scrutiny Board dated 19 May 2014;
- The national inpatient survey dated April 2014;
- The national staff survey dated 25 February 2014;
- Intelligent Monitoring Report dated 13 March 2014;
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 16 May 2014; and
- the Friends and Family Test data dated February and March 2014.

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 2014, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and South Devon Healthcare NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- reviewing the content of the Quality Report against the requirements of the FT ARM and “Detailed requirements for quality reports 2013/14”;
- reviewing the Quality Report for consistency against the documents specified above;
- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;
- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance indicators, and assessing the related disclosures; and
- reading 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 Criteria referred to above.

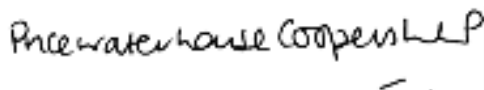
The nature, form and content required of Quality Reports are determined by Monitor. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators in the Quality Report, which have been determined locally by South Devon Healthcare NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that for the year ended 31 March 2014,

- The Quality Report does not incorporate the matters required to be reported on as specified in Annex 2 to Chapter 7 of the FT ARM and the “*Detailed requirements for quality reports 2013/14*”;
- The Quality Report is not consistent in all material respects with the documents specified above; and
- the specified indicators have not been prepared in all material respects in accordance with the Criteria and the six dimensions of data quality set out in the “*2013/14 Detailed guidance for external assurance on quality reports*”.



PricewaterhouseCoopers LLP

Chartered Accountants
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23 Princess Street
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PL1 2EX

29 May 2014

The maintenance and integrity of the South Devon Healthcare NHS Foundation Trust’s website is the responsibility of the directors; the work carried out by the assurance providers does not involve consideration of these matters and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported performance indicators or criteria since they were initially presented on the website.

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Please call 01803 658510 or email communicationsmanager.sdhct@nhs.net
or write to Senior Communications Manager, South Devon Healthcare NHS
Foundation Trust, Torbay Hospital, Torquay TQ2 7AA.

Annual Accounts 2013/14

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



John Lowes
Interim Chief Executive

Date: 28 May 2014

Statement of Accounting Officer's Responsibilities

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

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by Monitor.

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- i) observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ii) make judgements and estimates on a reasonable basis;
- iii) state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- iv) ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- v) prepare the financial statements on a going concern basis.

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum

Signed



John Lowes
Interim Chief Executive

Date: 28 May 2014

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 on-going 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 2014 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 and then the acting chair from February 2014), all executive directors and divisional leads*, supported by the company secretary, governance lead and patient safety lead. The Risk and Assurance Integrated Governance Group manages the risk and assurance framework. In addition, the executive directors have in place a process whereby all significant risks to the achievement of divisional and directorate objectives, Monitor governance and compliance requirements and Care Quality Commission regulations are kept under review.

*Divisional general managers are responsible and accountable to the interim director of operations 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-organisational support network. Executives and non-executives are provided with risk management training on an individual basis or collectively at board seminars.

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

4. The Management, Risk and Control Framework

4.1 Risk and Controls Framework

Risk is managed at all levels of the trust and is co-ordinated through an integrated governance framework consisting of five workstreams covering patient safety, patient experience & 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)

4.1 Risk and Controls Framework (continued)

There is a review process under the leadership of the executive directors, who meet weekly, which includes discussion and review of the five workstreams and directorate risk management and assurance registers. Any risk identified by a directorate, division or executive lead as likely to impact adversely on organisational objectives, will be taken to either the 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 consequence scores of five will be brought through the exception reporting process and managed by the trust Board of Directors. In addition, risks with inherent consequence scores of four are listed for information and appropriate challenge at the Audit and Assurance Committee / Board of Directors. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Risk and Assurance Integrated Governance Group only when there are adequate control mechanisms in place and a decision has been made that the risk has been managed as far as is considered to be reasonably practicable. Risks scored below this level are managed by the relevant divisional board or workstream.

One example of where risk management is integrated into core trust business is in relation to the quality report. The trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. The trust arranged an engagement meeting early in the new year to take into account the views of our key stakeholders and governors before agreeing the priority areas for 2013/14. These priorities were then signed off by the trust board and are then managed in accordance with our internal risk management process. An external audit review is undertaken on the quality report during May each year resulting in an independent auditor's limited assurance report on the annual quality report that can be found on page 166 of the Annual Report.

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

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

Annual Governance Statement (continued)

4.2 Major Risks

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	Consequence /	Mitigating Action	Outcome measurement
Maintaining good working relationships with key players, notably the GP commissioning leaderships, Torbay & Southern Devon Health & Care NHS Trust and the local authorities impacting on the trust's ability to deliver the integration agenda	4 / 3	<ul style="list-style-type: none"> - Integrated Care Organisation (ICO) delivery programme with project initiation documents etc. confirmed by the two provider trusts and the ICO programme board; - ICO workstreams and terms of reference reporting to programme board with membership from both trusts and local clinical commissioning group; - Regular meetings between the chairs and chief executives of both provider trusts and local clinical commissioning group; - One board member from Torbay & Southern Devon Health & Care NHS Trust invited to all public/private foundation trust board meetings and vice versa; - Joined Up Health and Care meetings; - Governors kept informed at all stages in the process. - Councils, partnership trusts, clinical commissioning groups and other stakeholders involved in the process to help governors appoint a new chair of the foundation trust. 	1. Full ICO business case supported by key stakeholders, submitted to Monitor no later than 1 October 2014.
Maintaining effective governance structures in respect of board level positions	4 / 2	<ul style="list-style-type: none"> - Effective recruitment processes supported by policies and procedures; - Use of executive search agencies; - Interim appointments where appropriate; - Governors kept informed at all stages in the process. 	- Senior board positions filled.

Annual Governance Statement (continued)

4.2 Major Risks (continued)

Governance Risk Description	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
Maintaining safety and quality care whilst delivering a challenging financial target	4 / 2	<ul style="list-style-type: none"> - Action 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; - Joined Up Health and Care Meetings - Quarterly reporting to Monitor; - Impact assessment for all savings programmes undertaken by medical and nurse directors. 	<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 especially partner resources that are increasingly limited	4 / 3	<ul style="list-style-type: none"> - JoinedUp Health and Care Cabinet; - Board to board meeting with both commissioner and partner provider organisations; - Focus on partnerships / relationships within workstream two; - Workforce, estates and financial models, capacity plan; - workstream three - finance; - Understanding of operating framework / changes to the risk assessment framework and impact of local (contractual) agreements; - Chief executive / interim chief executive 1:1s with local health and care trust, clinical commissioning group and local authorities; - Medical director chairing on the JoinedUp Health and Care Cabinet. 	<ul style="list-style-type: none"> - On track with key performance indicators across all workstreams.
Delivery of the estate strategy to develop our estate	5 / 2	<ul style="list-style-type: none"> - 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; - PLACE (Patient-Led Assessments of the Care Environment); - Care Quality Commission submissions/assessments.

Annual Governance Statement (continued)

4.2 Major Risks (continued)

Governance Risk Description	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
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; - Divisional performance management process; - Commissioner performance review. 	<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 savings plans for 2014/15	4 / 2	<ul style="list-style-type: none"> - Completion of business plan for 2014/15; - Programme management function - Monitoring by CIP board / workstream three 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

4.3 Compliance with NHS Pension Scheme Regulations

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

4.4 Care Quality Commission (CQC) Declaration

There were no formal visits undertaken by the CQC during 2013/14, however, they did carry out a desk-top review on nutrition; medical devices; and complaints and were satisfied with the evidence provided. At 31 March 2014, the foundation trust remains fully compliant with all registration requirements. In respect of the CQC's intelligent monitoring report, which is the CQC's new quality risk profile the trust remains at band six (on a scale of one to six, with six being the lowest risk), along with only 34 other trusts in the country.

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

Annual Governance Statement (continued)

4.4 Care Quality Commission (CQC) Declaration (continued)

During the year the trust reported two never events immediately following a surgical procedure involving the use of an incorrect implant/prosthesis as defined by the Department of Health (DH) never events framework 2013/14. The default settings of a machine used to pre-operatively measure a patient's eye before cataract surgery had been changed, causing incorrect recordings being entered onto four patients' notes.

By the time the error had been noticed four patients had received cataract operations with incorrect measurements being used. Three of the four patients were initially happy with their outcomes, however two of the four patients have now opted for surgery to rectify the problem resulting in two never events. The trust conducted detailed and immediate root cause analysis following both incidents that resulted in comprehensive action plans being put in place. Both incidents were reported to the trust's commissioners, CQC, Trust Development Authority via STEIS (Strategic Executive Information System) and the trust Board of Directors. In January 2013 the medical director presented a complete review of the trust's practices, policies, procedures, assurance, monitoring systems and feedback mechanisms in relation to each never event. This was finalised and approved in-year and will provide good assurance to the board for the foreseeable future.

4.5 Compliance with Equality, Diversity and Human Rights Legislation

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

The trust is committed to providing an inclusive and welcoming environment for our patients, staff and visitors and is working hard to mainstream equality, diversity and human rights into our culture. The chief executive (interim chief executive from February 2014) is the senior responsible officer for the equality delivery system and was the national equality lead for NHS England until February 2014.

Performance is monitored via the Equality, Diversity and Human Rights Group who report through workstream four – Human Resources and Educational Governance. The group meets every three months to review and report progress on the trust's equality and diversity action plan. The chairman (acting chair from February 2014) 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. These include any negative impacts from equality impact assessments and an annual diversity report which will include workforce data profiled by diverse strand and pay bands, and progress against the equality and diversity action plan. Equality impact assessments can be found on the trust's website.

During the year an employment tribunal, in upholding a claim that two members of staff suffered detriment associated with their making allegations under the trust's whistleblowing policy, made comments critical of the trust and a number of its directors. This resulted in the chairman and vice-chair resigning, and the suspension of the chief executive and director of workforce and organisational development by the remaining non-executive directors. The issues raised under the whistleblowing policy related to allegations of favouritism in a recruitment process undertaken by the chief executive and in which she failed to declare a personal relationship with the appointed candidate.

As at the 31 March 2014, a formal process established to investigate concerns raised regarding the chief executive and director of workforce and organisational development remains on-going. The trust has, however, updated its whistleblowing policy and processes. The trust has also commissioned an external review of its recruitment and whistleblowing policies and their application. The Board of Directors intends to conduct a full governance review in line with the new Monitor guidance in 2014/15.

The trust has a three-year rolling equality and diversity action plan which is updated annually and is reported via workstream four to the trust Board of Directors. The trust recently reviewed and updated the action plan with any on-going actions being carried forward into 2013/14.

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

Annual Governance Statement (continued)

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

The foundation trust has undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on United Kingdom Climate Impacts Programme (UKCIP) 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

Sustainability is a regular item on the agenda for our Board of Directors, and the trust's progress will be regularly reported to staff and members of the public. The trust's sustainability strategy was approved by the trust Board of Directors in March 2011.

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

4.7 Compliance with the NHS Litigation Authority

During the year the NHS Litigation Authority (NHSLA) informed the trust that it would no longer be undertaking assessments of trusts to ascertain risk levels, but would form an opinion based on the number of claims made and levels of payments. The NHSLA had recognised that there was a level of duplication in its assessments, and that the data it required was already collected for other assessments such as the CQC.

For NHS foundation trusts within the NHSLA clinical negligence scheme, all claims are recognised in the accounts of the NHSLA. Consequently, the NHS foundation trust will have no provision for clinical negligence claims. The NHSLA will provide a schedule showing the claims recognised in the books of the NHSLA on behalf of the NHS foundation trust. This will be disclosed at the foot of the main provisions table.

Maternity Services achieved Clinical Negligence Scheme for Trusts (CNST) level three for the maternity Clinical Risk Management Standards, the highest level of the NHS Litigation Authority's stringent standards to improve the safety of women and their babies. Achieving level three means a reduction of 30 per cent for the maternity element of the trust's CNST contributions.

4.8 Compliance with Information Governance Requirements

Risks to information are managed and controlled by applying a robust assessment against the evidence collected as part of the national information governance toolkit return. The trust reported two incidents regarding data breaches to the information commissioner during 2013/14. The conclusion of the information commissioner's office to its investigation of both incidents was that there was no regulatory action required against the trust as neither breach met their Data Protection Regulatory Action Policy. Any other incidents recorded during 2013/14 were assessed as being of low or little significant risk. In accordance with the 2013/14 Monitor risk assessment framework, the trust was able to declare level two compliance against the information governance toolkit requirements by 31 March 2014. A new action plan will be created to deliver improvements against the 2014/15 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

Annual Governance Statement (continued)

4.9 Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (quality accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports which incorporate the above legal requirements in the NHS foundation trust annual reporting manual.

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

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

All staff are responsible for the accuracy, completeness, timeliness, integrity and validity of their data. Data entry training encourages 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 implemented.

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

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 13,000 foundation trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes.
- Clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of clinical services and reported to the Board of Directors. The performance report details any variances in planned performance and key actions to resolve them plus the implementation in a timely fashion of any external recommendations for improvement e.g. external audit. There is also a performance management regime embedded throughout the trust including weekly capacity review meetings, executive reviews of services, budget review (undertaken monthly) and regular work to ensure data quality.
- Robust arrangements for managing financial and other resources are in place through workstream three (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 the delivery of value for money. The trust continues to develop its service line reporting data to ensure services are being provided as efficiently as possible and any surpluses generated by the trust are reinvested back into patient care. For procurement of non-pay related items the trust has a clear procurement strategy and collaborates with other NHS bodies to maximise value through the NHS South West Peninsular Procurement Alliance.

Annual Governance Statement (continued)

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 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 person-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.

Annual Governance Statement (continued)

6. Review of Effectiveness (continued)

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

My review is also informed by:

- The work conducted by the external auditors who focused on our quality report, the internal audit plan, which links to the trust's objectives and the Care Quality Commission outcomes, internal audit's processes in line with ISA requirements, IT audit of key systems supporting the financial reporting process, fraud and financial accounts.
- Internal audit, who have conducted reviews against the Care Quality Commission regulations, charitable funds, duplicate payments, information governance, main accounting system, information assets owners business continuity and disaster recovery planning, nursing rostering and use of bank and agency staff, medial physics IT review, service line reporting, implementation of the accident and emergency system, estates (tenders and quotes), acquisition of healthcare services, integrated care organisation transition programme board phase one, review of recently completed IT projects, post implementation of theatres three and four and banking, cashiering and cash flow management. Reviews are conducted using a risk based approach and in addition they have annual reviews of the trust's risk management and governance arrangements.
- Head of Internal Audit Opinion Statement which states that:
Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

7. Conclusion

No other significant internal control issues were identified.

Signed



John Lowes
Interim Chief Executive

Date: 28 May 2014

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view, of the state of the group's and of the parent NHS Foundation Trust's affairs as at 31 March 2014 and of the group's income and expenditure and group's and parent NHS Foundation Trust's cash flows for the year then ended to 31 March 2014; and
- have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent NHS Foundation Trust financial statements (the "financial statements"), which are prepared by South Devon Healthcare NHS Foundation Trust, comprise:

- the group and parent NHS Foundation Trust Statement of Financial Position as at 31 March 2014;
- the group Statement of Comprehensive Income for the year then ended;
- the group and parent NHS Foundation Trust Statement of Cash Flows for the year then ended;
- the group and parent NHS Foundation Trust Statement of Changes in Taxpayers' Equity for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual 2013/14 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

Other 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 2013/14 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 whether 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, on any aspect, our opinion on the Quality Report.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Accounting Officer's Responsibilities set out on page iii the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Audit Code for NHS Foundation Trusts issued by Monitor and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

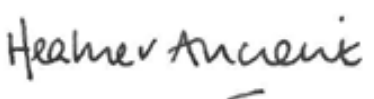
This report, including the opinions, has been prepared for and only for the Council of Governors of South Devon Healthcare NHS Foundation Trust in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or 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.

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.



Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth

29 May 2014

South Devon Healthcare NHS Foundation Trust
Consolidated Statement of comprehensive income
For the year ended 31 March 2014

	Note	Financial performance excluding impact of PPE Revaluations 2013/14 £000	Impact of PPE Revaluations on the SOCI 2013/14 £000	Total 2013/14 £000	Financial performance excluding impact of PPE Revaluations 2012/13 £000	Impact of PPE Revaluations on the SOCI 2012/13 £000	Restated Total 2012/13 £000
Operating income	2	240,358	631	240,989	231,667	0	231,667
Operating expenses	4	(237,336)	(2,215)	(239,551)	(226,151)	(3,810)	(229,961)
Operating surplus / (deficit) before financial income and expenses		3,022	(1,584)	1,438	5,516	(3,810)	1,706
Finance costs							
Financial income	7	74	0	74	118	0	118
Financial costs	8	(682)	0	(682)	(395)	0	(395)
Unwinding of discount on provisions	19	(94)	0	(94)	(100)	0	(100)
PDC Dividends payable		(2,263)	0	(2,263)	(2,490)	0	(2,490)
Net finance costs		(2,965)	0	(2,965)	(2,867)	0	(2,867)
Corporation tax expense		(22)	0	(22)	0	0	0
Surplus / (Deficit) for the financial year from continuing operations		35	(1,584)	(1,549)	2,649	(3,810)	(1,161)
Other comprehensive income							
Revaluations of property, plant and equipment		0	2,260	2,260	0	0	0
Total comprehensive income / (expense) for the year		35	676	711	2,649	(3,810)	(1,161)

Impact of Property, Plant and Equipment (PPE) Revaluations on the Statement of Comprehensive Income (SOCI)

The Trust has a policy of undertaking a full formal revaluation of its Buildings excluding Dwellings, Dwellings and Land every five years. In the interim periods of time, the Trust applies National BCIS Index changes to the valuation of its Buildings (excluding Dwellings) and Dwellings. The Trust will also during the interim periods of time, apply local construction cost changes to its Buildings (excluding Dwellings) and Dwellings valuations as advised by the District Valuer. In addition, whenever the Trust brings into use a newly constructed Building or Dwelling asset or has incurred significant costs on refurbishing an existing Building or Dwelling the Trust will commission the District Valuer to undertake a valuation review to ascertain whether there are any signs of impairment which have to be charged to the SOCI.

As the Trust has adopted an accounting policy of valuing Buildings and Dwellings using a replacement 'Modern Equivalent Asset' (MEA) cost - inevitably impairment charges occur when ever a newly constructed asset or a refurbishment project has been completed. This is primarily due to three principles used by MEA. The first being that the asset is constructed from the ground up, secondly that there is unrestricted access to the construction site and thirdly the construction uses the latest modern materials. In practice most construction and refurbishment costs incurred are not on ground-up projects, construction rarely takes place in a site where access is solely granted to the construction firm and some refurbishment schemes have to use materials in keeping with the existing asset - e.g. for listed buildings.

Any impairment charge incurred when an asset is first brought into use as a consequence of applying MEA is always charged directly to Operating Expenditure. Likewise where ever a revaluation exercise results in a downwards valuation of a Building, Dwelling or Land and there is not sufficient credit balance held on the Revaluation Reserve for that particular asset, the downwards valuation movement that exceeds the reserve balance will also be charged to Operating Expenditure.

The same principles apply to upwards revaluations of Buildings, Dwellings and Land. I.e. whenever a Building, Dwelling or Land increases in valuation the upwards valuation is either credited to Other Operating Income within the SOCI to the extent that it reverses a previous impairment charged to Operating Expenditure and any excess is credited to the Revaluation Reserve.

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

	Note	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Non-current assets					
Intangible assets	9	2,890	3,080	2,890	3,080
Property, plant and equipment	10	118,582	96,294	118,582	96,294
Trade and other receivables	13	2,315	1,885	2,863	1,885
Total non-current assets		123,787	101,259	124,335	101,259
Current assets					
Inventories	12	6,369	5,722	5,934	5,722
Trade and other receivables	13	11,915	10,506	12,037	10,506
Cash and cash equivalents	20	18,472	16,615	18,071	16,615
Total current assets		36,756	32,843	36,042	32,843
Total assets		160,543	134,102	160,377	134,102
Current liabilities					
Trade and other payables	15	(23,678)	(19,793)	(23,599)	(19,793)
Borrowings	17	(2,800)	(929)	(2,800)	(929)
Provisions	19	(495)	(443)	(495)	(443)
Other liabilities	16	(1,467)	(541)	(1,467)	(541)
Total current liabilities		(28,440)	(21,706)	(28,361)	(21,706)
Non-current liabilities					
Borrowings	17	(35,023)	(16,007)	(35,023)	(16,007)
Provisions	19	(3,715)	(3,735)	(3,715)	(3,735)
Total non-current liabilities		(38,738)	(19,742)	(38,738)	(19,742)
Total liabilities		(67,178)	(41,448)	(67,099)	(41,448)
Net current assets		8,316	11,137	7,681	11,137
Net assets employed		93,365	92,654	93,278	92,654
Financed by Taxpayers' equity					
Public dividend capital		60,857	60,806	60,857	60,806
Revaluation reserve		27,982	27,694	27,982	27,694
Income and expenditure reserve		4,526	4,154	4,439	4,154
Total taxpayers' equity		93,365	92,654	93,278	92,654

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

The accounts on pages I to xii and pages 1 to 35 were approved by the Board of Directors on 28 May 2014 and signed on its behalf by: -



John Lowes
Interim Chief Executive

Date: 28 May 2014

South Devon Healthcare NHS Foundation Trust
Consolidated Statement of changes in taxpayers equity
For the year ended 31 March 2014

	Note	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure Reserve £000	Total £000
Changes in taxpayers' equity for 2013/14					
Balance at 1 April 2013		60,806	27,694	4,154	92,654
Deficit for the year		0	0	(1,549)	(1,549)
Revaluations of property, plant and equipment	10.5	0	2,260	0	2,260
Asset Disposals		0	(1,451)	1,451	0
Other recognised gains and losses	10.5	0	(521)	521	0
Movements in PDC in year		51	0	(51)	0
Balance at 31 March 2014		60,857	27,982	4,526	93,365

Changes in taxpayers' equity for 2012/13

Balance at 1 April 2012		60,806	28,543	4,466	93,815
Deficit for the year		0	0	(1,161)	(1,161)
Revaluations of property, plant and equipment		0	0	0	0
Asset Disposals		0	(264)	264	0
Other recognised gains and losses		0	(585)	585	0
Balance at 31 March 2013		60,806	27,694	4,154	92,654

Description of reserves

Public dividend capital

For further description of the Public Dividend Capital see note 1.7

Revaluation reserve

The revaluation reserve is used when the value of a purchased asset becomes greater than the value at which it was previously carried on the statement of financial position.

Movements in Year

Other Recognised Gains and Losses

During the 2013/14 financial year the Trust revalued PPE Buildings and Dwellings brought into use. In line with standard accounting practice assets are held at their Modern Equivalent Asset (MEA) valuation which assumes a ground up build in a green field site environment. The Trust requested the District Valuer to assess whether an MEA valuation adjustment was required for these assets when they were first brought into use. The assessment made by the District Valuer demonstrated that significant value had been made to the capital estate but that an MEA impairment was required to be recognised in the Trust accounts. Of the impairment value initially charged to operating expenditure, a proportion of the cost related to assets with a balance held in the revaluation reserve at 1st April 2013. The sum held in the revaluation reserve in respect of these impaired assets totalled £521k (2012/13 £585k). In line with accounting standards this balance has been transferred through the Statement of changes in taxpayers equity from the revaluation reserve to the income and expenditure reserve.

South Devon Healthcare NHS Foundation Trust
Consolidated Statement of cash flows
For the year ended 31 March 2014

	Note	2013/14 £000	2012/13 £000
Cash flows from operating activities			
Operating surplus from continuing operations		1,438	1,706
Operating cash flow before changes in working capital and provisions		1,438	1,706
Changes in working capital and provisions			
Depreciation and amortisation	4.1	9,313	8,746
Impairments and reversals of impairments	4.1	2,215	3,810
Reversal of impairments	3.2	(631)	0
Loss/(Gain) on Disposal	4.1	7	(8)
Non-cash donations/grants credited to income		(46)	0
Increase in trade and other receivables		(1,542)	(1,174)
Increase in inventories		(647)	(646)
Increase/(Decrease) in trade and other payables		962	(1,833)
Increase/(Decrease) in other current liabilities		926	(228)
(Decrease)/Increase in provisions		(62)	389
Net cash generated from operations		11,933	10,762
Cash flows from investing activities			
Interest received		74	118
Payments for intangible assets		(836)	(1,481)
Payments for property, plant and equipment		(27,460)	(15,322)
Proceeds from disposal of plant, property and equipment		0	75
Net cash used in investing activities		(28,222)	(16,610)
Net cash outflow before financing		(16,289)	(5,848)
Cash flows from financing activities			
Public dividend capital received		51	0
Loans received from the Foundation Trust Financing Facility	17	22,190	8,770
Loans repaid to the Foundation Trust Financing Facility	17	(1,243)	(270)
Capital element of finance lease rental payments		(60)	(57)
Interest paid		(489)	(334)
Interest element of finance lease		(3)	(8)
PDC Dividend paid		(2,300)	(2,092)
Net cash generated from financing activities		18,146	6,009
Net increase in cash and cash equivalents		1,857	161
Cash and cash equivalents at the beginning of the financial year		16,615	16,454
Cash and cash equivalents at the end of the financial year	20	18,472	16,615

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 2013/14 (the FT ARM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2013/14 issued by Monitor, the independent regulator of NHS Foundation Trusts. The accounting policies contained in that manual follow International Financial Reporting Standards and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Basis of consolidation

The Group financial statements consolidate the financial statements of the Trust and its subsidiary undertaking made up to 31 March 2014. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and group financial statements have been prepared.

A subsidiary is an entity controlled by the Trust. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of the entity so as to derive benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. In accordance with the NHS Foundation Trust Annual Reporting Manual a separate income and cashflow statement for the parent (the Trust) has not been prepared.

1.2 Accounting convention

Historic Cost Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment at their value to the business by reference to their current costs using Modern Equivalent Assets as a valuation base and for intangible assets and inventories.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Accounting estimates and judgments

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

The following are the key assumptions and critical judgements concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Annual leave accrual

The Trust is required to 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.

1.3 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.

1.4 Income

Income is accounted for applying the accruals convention. Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.5 Expenditure on employee benefits

Short term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

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.

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 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 2013, is based on detailed membership data as at 31 March 2010 updated to 31 March 2013 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 "defined benefit" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

1.5 Expenditure on employee benefits (continued)

c) Scheme provisions

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.7 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the Trust, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) net cash balances held with the Government Banking Services and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.8 Intangible Assets

Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets, nor is expenditure incurred on research.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset where expenditure of at least £5,000 is incurred.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

1.8 Intangible Assets (continued)

Amortisation

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

Main asset class	Sub-category	Useful economic life (years)
Intangible assets		2 to 7

1.9 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

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

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

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of property, plant and equipment are not capitalised but are charged to the statement of comprehensive income in the year to which they relate.

Fixtures and equipment which have an asset life of less than 5 years or cost less than £50,000 are carried at depreciated historic cost as this is not considered to be materially different from fair value.

All other assets are measured subsequently at fair value. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The latest full revaluation of the Trusts specialised buildings was undertaken in 2010/11 with a prospective valuation date of 31 March 2012. In line with IAS16, during 2012/13 the Trust requested an interim valuation from the District Valuation Office to determine whether an MEA impairment was required in respect of material construction schemes that were brought into use during 2012/13. The impact of this assessment is described in further detail in the Property, Plant and Equipment note to the accounts.

The Treasury has decided that the NHS should value its property assets in line with the Royal Institution of Chartered Surveyors (RICS) Red Book standards. This means that specialised property, for which market value cannot be readily determined, should be valued at depreciated replacement cost (DRC) on a modern equivalent asset basis.

In accordance with the Treasury accounting manual, valuations are now carried out on the basis of modern equivalent asset replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value.

Alternative open market value figures are only used for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are initially valued at cost and are subsequently valued by professional valuers when construction is completed if there is evidence that the construction cost is not a good approximation of fair value.

1.9 Property, Plant and Equipment (continued)

Measurement

Valuation (continued)

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Subsequent expenditure

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the Statement of Comprehensive Income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition and the carrying amount of the replaced part is derecognised.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives on a straight line basis. Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, Dwellings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

The following table details the useful economic lives for the main classes of assets and, where applicable, sub-categories within each class.

Main asset class	Useful economic life (years)
Buildings (including Dwellings)	10 to 55
Plant and Machinery	2 to 15
Information technology	2 to 8
Furniture and fittings	5 to 19
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'.

1.9 Property, Plant and Equipment (continued)

Revaluation and impairment (continued)

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

1.10 Donated, Government Grant and Other Grant Funded Assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.11 Revenue, Government and Other Grants

Government grants are grants from Government bodies other than income from 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.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Cost is determined either on a first-in first-out (FIFO) basis or a weighted average cost basis.

Provision is made where necessary for obsolete, slow moving and defective stocks.

1.13 Cash and cash equivalents

Cash and cash equivalents are recorded at the current values of these balances in the Trust's cashbook. These balances exclude monies held in the Trust's bank accounts belonging to patients. Account balances are only set off where a formal agreement has been made with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.14 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
 - its technical feasibility and;
 - its resulting in a product or service which will eventually be brought into use;
- the trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.
- the Trust can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible NHS Foundation Trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are amortised over the life of the associated project.

1.15 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation where it is more likely than not that an outflow of resources embodying economic benefits will be required. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury's discount rates and mandated by HM Treasury.

1.16 Risk pooling schemes

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 19. The Trust does not include any amounts relating to these cases in its accounts.

Non-clinical risk pooling

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

1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 23 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 23, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

1.19 Taxation

Value Added Tax

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

Corporation Tax

The FT is a Health Service Body within the meaning of s519A of the Income and Corporation Tax Act 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for HM Treasury to dis-apply the exemption in relation to specified activities of an NHS Foundation Trust (s519A (3) to (8) of the Income and Corporation Taxes Act 1988). Accordingly, the FT is potentially within the scope of corporation tax in respect of activities which are not related to, or are ancillary to, the provision of healthcare, and where the profits there from exceed £50,000 per annum. Until the exemption is dis-applied then the FT has no corporation tax liability.

1.20 Leases

Finance leases

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

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

1.20 Leases (continued)

Lessor of assets

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

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

IASB standard and IFRIC interpretations

The following accounting standards have been issued but are not yet effective or adopted by Monitor. The FT cannot adopt new standards unless they have been adopted in the FT ARM issued by Monitor. The FT ARM generally does not adopt an international standard until it has been endorsed by the European Union for use by listed companies. In some cases, the standards may be interpreted in the FT ARM and therefore may not be adopted in their original form. The analysis below describes the anticipated timetable for implementation and the likely impact on the assumption that no interpretations are applied by the FT ARM.

i) IFRS 9 - Financial Instruments

This standard will eventually replace IAS 39. It is applicable for periods beginning on or after 1 January 2015, but the standard has not yet been EU endorsed and therefore by HM Treasury policy is not available for NHS Bodies to apply.

ii) IFRS10 - Consolidated Financial Statements

This standard was published by the IASB in May 2011 with an effective date of 2014/15 but has not yet been adopted by the EU.

iii) IFRS 11 - Joint arrangements

This standard was published by the IASB in May 2011 with an effective date of 2014/15 but has not yet been adopted by the EU.

iv) IFRS 12 - Disclosure of interests in Other Entities

This standard was published by the IASB in May 2011 with an effective date of 2014/15 but has not yet been adopted by the EU.

v) IFRS 13 - Fair Value Measurement

This standard was published by the IASB in May 2011 with an effective date of 2013/14 but has not yet been adopted by Monitor. HM Treasury has delayed its adoption by government bodies while it finalises some adaptations. The impact on the financial statements is unknown until these adaptations are finalised.

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

This standard was published by the IASB in June 2011 with an effective date of 2013/14.

vii) IAS 27 - Separate Financial Statements

This standard was published by the IASB in May 2011 with an effective date of 2014/15 but has not yet been adopted by the EU.

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

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

This standard was published by the IASB in May 2011 with an effective date of 2014/15 but has not yet been adopted by the EU.

ix) IAS 32 and IFRS 7 - Financial Instruments; Presentation on Offsetting financial assets and liabilities

This standard was published by the IASB in December 2011 with an effective date of 2014/15 but has not yet been adopted by the EU.

1.22 Accounting standards that have been adopted early

No new accounting standards or revisions to existing standards have been early-adopted in 2013/14.

1.23 Financial instruments

The Trust may hold any of the following assets and liabilities:

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

Liabilities: loans and overdrafts, long-term payables, long-term provisions arising from contractual arrangements, short-term payables, short-term provisions arising from contractual arrangements.

During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

During the year the Trust has had a significant number of transactions with the Department of Health and Strategic Health Authorities, other NHS Foundation Trusts and NHS Trusts.

All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to the financial position.

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described in note 1.19.

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

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are categorised as 'Loans and receivables', financial liabilities are classified as 'Other financial liabilities'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and other receivables.

1.23 Financial instruments (continued)

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the statement of comprehensive income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the statement of financial position, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the statement of comprehensive income and the carrying amount of the asset is reduced through the use of an allowance account/bad debt provision.

Provision for bad debts is calculated based on individual outstanding balances which are not financial assets and are unlikely to be recoverable.

2 Segmental reporting

The Trust's Chief Operating Decision Maker is the Board of Directors.

The Board of Directors functions as a corporate decision-making body. Officer and non-officer members are full and equal members. Their role as members of the Board of Directors is to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions.

The Trust has used three key factors in its identification of its reportable operating segments. The factors are that the reportable operating segment:

- engages in activities from which it earns revenues and incurs expenses.
- reports financial results which are regularly reviewed by the Trust's board of directors to make decisions about allocation of resources to the segment and assess its performance.
- has discrete financial information.

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, vascular, upper gastro-intestinal, colorectal and urological disease.
- **Women's, Children's and Diagnostic Services** include Maternity, Gynaecology, Child Health, Radiology, Breast Care, Infection Control, Clinical Psychology, Dietetics, Physiotherapy, Occupational and Speech and Language Therapy.
- **Estates and Facilities Management** is responsible for Capital Developments, Environmental Services, Estates, Hotel Services, Medical Devices Support Services and Transport.
- **Trust-Wide & Other Services** include the Trust Board, Performance and Development, Education and Training, Nursing and Quality, Human Resources, Research & Development, Finance and Information, Health Informatics, Procurement and the Pharmacy Manufacturing Unit.

Pay is total staff costs as described in note 5.1. Income is reported by segment to the Chief Operating Decision Maker. Expenditure is monitored against plan or budget.

For the year ended 31 March 2014

	Note	Medical Services	Surgical Services	Women's, Children's and Diagnostic Services	Estates & Facilities Management	Trust-Wide Services	TOTAL 2013/14
		£000	£000	£000	£000	£000	£000
Income from patient care	3.1	84,390	65,099	45,233	3,037	5,659	203,418
Other operating income	3.2	1,193	719	1,487	5,216	28,956	37,571
Income total		85,583	65,818	46,720	8,253	34,615	240,989
Pay		(35,681)	(39,951)	(33,325)	(11,642)	(26,283)	(146,882)
Non-pay		(26,127)	(17,946)	(8,633)	(10,531)	(17,905)	(81,142)
		23,775	7,921	4,762	(13,920)	(9,573)	12,965

Depreciation, amortisation and impairment of non-current assets	(11,527)
Financial income and expenses	(608)
PDC dividend payable	(2,263)
Corporation Tax	(22)
Unwinding of discount rate	(94)
Deficit	(1,549)

For the year ended 31 March 2013

	Note	Medical Services	Surgical Services	Women's, Children's and Diagnostic Services	Estates & Facilities Management	Trust-Wide Services	TOTAL 2012/13
		£000	£000	£000	£000	£000	£000
Income from patient care	3.1	80,235	64,557	38,900	3,754	6,159	193,605
Other operating income	3.2	1,909	720	1,749	4,114	29,570	38,062
Income total		82,144	65,277	40,649	7,868	35,729	231,667
Pay		(35,950)	(38,347)	(32,415)	(11,015)	(23,426)	(141,153)
Non-pay		(23,529)	(16,134)	(8,266)	(10,575)	(17,748)	(76,252)
		22,665	10,796	(32)	(13,722)	(5,445)	14,262

Depreciation, amortisation and impairment of non-current assets	(12,556)
Financial income and expenses	(377)
PDC dividend payable	(2,490)
Deficit	(1,161)

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

3 Income

2013/14
£000

2012/13
£000

3.1 Income from patient care activities

3.1.1 Income from patient care activities - by activity

Elective income	43,350	40,556
Non elective Income	54,683	56,620
Outpatient income	53,245	46,639
A&E income	8,064	8,046
Other NHS clinical income	42,820	40,495
Total income at full tariff (protected)	202,162	192,356
Private patient income	571	455
Other non-protected clinical income	685	794
Total income from patient care activities	203,418	193,605

3.1.2 Total income from patient care activities

Commissioner-Requested Services	202,162	192,356
Non commissioner-Requested Services	1,256	1,249
Total services	203,418	193,605

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

The statutory limitation on private patient income in section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. Therefore a disclosure note is not required to demonstrate that the Trust has remained within the private patient income cap previously set by Monitor. However, details of the private patient income generated by the Trust is disclosed in note 3.1.4 below.

3.1.4 Income from patient care activities - by source

2013/14
£000

2012/13
£000

NHS Foundation Trusts	489	0
NHS Trusts	55	0
CCG's & NHS England	199,116	0
Primary Care Trusts	0	192,342
Local Authorities	2,216	0
Department of Health - other	0	0
NHS Other	334	14
Non-NHS: private patients	221	447
Non-NHS: overseas patients (non-reciprocal)	68	8
Non-NHS: NHS Injury Scheme	654	794
Non-NHS: other	265	0
Total income from patient care activities	203,418	193,605

NHS Injury Scheme income is subject to a provision for doubtful debts of 10.5% (2012/13 12.6%) to reflect expected rates of collection.

3.2 Other operating income

	2013/14 £000	2012/13 £000
Research and development	1,491	1,622
Education and training	7,389	6,693
Charitable and other contributions to capital expenditure	46	372
Charitable and other contributions to revenue expenditure	662	894
Non-patient care services to other bodies	10,145	12,851
Reversal of impairments of property, plant and equipment	631	0
Revenue received from finance leases	50	23
Revenue received from operating leases	684	30
Other income	16,473	15,577
Total other operating income	37,571	38,062

Non-patient care services to other bodies includes £2.2m (2012/13 £1.6m) from hosting the Audit South West - Internal Audit Counter Fraud

Other income includes £12.3m sales (2012/13 £10.6m) from the Pharmacy Manufacturing Unit.

3.2.1 Operating lease income

	2013/14 £000	2012/13 £000
Rents recognised as income in the year	684	30
	684	30

Future minimum lease payments due

	2013/14 £000	2012/13 £000
Not later than one year	717	0
Later than one and not later than five years	50	0
	767	0

Operating Lease Income

The Trust has entered into a lease agreement with Devon Partnership NHS Trust (DPT). The Lease agreement enables DPT to rent part of the Torbay Hospital site from the Trust for a period 17 years - Lease expires 31st March 2020. The agreement can be cancelled by DPT serving 12 months notice. If notice was served by DPT no financial penalty would be payable to the Trust at the end of the lease period. The rental income payable under the agreement will be recalculated on an annual basis throughout the 17 year lease period. The income receivable is calculated from the sum of two components. The first component being an opportunity cost payable to the Trust of £90,000 per annum and the second component being the forecast capital charges the Trust will incur in respect of the leased asset. In 2013/14 this income totalled £644,000.

4 Operating expenses

4.1 Operating expenses comprise:

	2013/14 £000	2012/13 £000
Services from other NHS Foundation Trusts	2,009	1,573
Services from NHS Trusts	607	532
Services from PCTs	0	23
Services from CCGs and NHS England	(2)	0
Services from other NHS bodies	0	0
Purchase of healthcare from non NHS bodies	1,917	1,456
Executive Directors' costs	981	800
Non Executive Directors' costs	128	130
Staff costs	144,560	139,033
Supplies and services - clinical (excluding drug costs)	22,312	20,432
Supplies and services - general	4,603	4,571
Establishment	2,079	2,357
Research and development (not included in employee expenses)	150	207
Research and development (included in employee expenses)	1,340	1,188
Transport	1,519	1,569
Premises	12,453	11,704
(Decrease) / Increase in provision for impairment of receivables	282	(121)
Drug costs (non inventory)	697	1,175
Drug Inventories consumed	23,992	20,550
Inventories written down	20	51
Rental under operating leases - minimum lease payments	978	957
Depreciation on property, plant and equipment	8,411	8,002
Amortisation on intangible assets	902	744
Impairments of property, plant and equipment	2,215	3,810
Audit services - statutory audit	85	71
Clinical negligence	4,196	3,870
Loss/(Gain) on disposal of other property, plant and equipment	7	(8)
Other	3,110	5,285
Total operating expenses from continuing operations	239,551	229,961

Included within 2012/13 'Other' expenditure are services and products bought on behalf of other NHS organisations totalling £1,752,000 (2013/14 £0) the cost of which was recharged to those NHS organisations and the income for which was reported within 'Non-Patient care services to other bodies' within Other Operating Income. In line with NHS guidance in 2013/14, these recharges have now been netted off against the 'Other Operating Income'. Included within 2013/14 'Other' expenditure are Staff Training costs of £962,000 (2012/13 £883,000).

Staff costs reported in note 5.1 is higher than the employee expenditure reported above, due to some employee expenditure being capitalised.

Directors' remuneration and other benefits

Salaries	906	767
Employer's contribution to pension scheme	105	82
	1,011	849

In the year ended 31 March 2014, 8 directors (2012/13 6) accrued benefits under a defined benefit pension scheme.

Highest paid directors' remuneration and other benefits

Salaries	169	168
Employer's contributions to pension scheme	23	23
	192	191

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 2013/14 was £71,000 (2012/13 £64,795) 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-statutory audit. PwC also audit the accounts of South Devon Healthcare NHS Charitable Fund, the audit fee for the statutory audit in 2013/14 was £5,000 (2012/13 £4,000) excluding VAT.

The engagement letter signed in March 2014, 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

	2013/14 Land £000	2013/14 Buildings £000	2013/14 Plant & Machinery £000	2013/14 Other £000	2013/14 Total £000
Minimum lease payments	0	459	232	287	978
	0	459	232	287	978

	2012/13 Land £000	2012/13 Buildings £000	2012/13 Plant & Machinery £000	2012/13 Other £000	2012/13 Total £000
Minimum lease payments	0	459	247	251	957
	0	459	247	251	957

Total future minimum lease payments

	Land 31 March 2014 £000	Buildings 31 March 2014 £000	Plant & Machinery 31 March 2014 £000	Other 31 March 2014 £000	Total 31 March 2014 £000
Payable:					
Not later than one year	0	459	244	433	1,136
Later than one and not later than five years	0	1,770	325	506	2,601
Later than five years	0	1,328	0	0	1,328
Total	0	3,557	569	939	5,065

Total future minimum lease payments

	Land 31 March 2013 £000	Buildings 31 March 2013 £000	Plant & Machinery 31 March 2013 £000	Other 31 March 2013 £000	Total 31 March 2013 £000
Payable:					
Not later than one year	0	459	160	391	1,010
Later than one and not later than five years	199	3,670	215	587	4,671
Later than five years	1,406	15,040	0	0	16,446
Total	1,605	19,169	375	978	22,127

Included in these commitments is £2.7m (2012/13 £3.0m) for Regent House, a building in Regent Close, Torquay, which has a 15 year lease expiring in 2021, with rent reviews every 5 years. The 'other' category relates to the lease of Lease Vehicles. The Trust places contracts for some lease vehicles on behalf of neighbouring NHS organisations. The value of the lease vehicle contractual commitments placed on behalf of NHS organisations included within the overall commitment value as at 31st March 2014 and as at 31st March 2013 is £0.3 m and £0.3m respectively. These costs when incurred are recharged to these NHS organisations.

2012/13 comparative data

During 2012/13, the Trust entered into a legally binding contract with Balfour Beatty Property Limited for the construction of a new Pharmacy Manufacturing Unit. At the end of the construction period, the Trust would have been contractually obliged to enter into a lease agreement with the constructor or nominee. The lease was for a duration of 25 years, with the first payment being due to the contractor / lease nominee 9 months after construction was completed. The initial rental was anticipated to be £0.5m per annum inclusive of VAT. Rent increases were due to occur every five years throughout the contract period and were fixed at 2.5% per annum. The total future minimum lease payments recorded above incorporated that new commitment. The values disclosed were inclusive of VAT. During the course of 2013/14 the Trust purchased the freehold of this property and therefore there are no further obligations to pay rent on this facility. However, for completeness, the 2012/13 comparative data has not been restated.

5 Staff costs and numbers

5.1 Staff costs

	2013/14			2012/13		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	120,677	116,970	3,707	114,899	111,259	3,640
Social Security Costs	9,256	9,076	180	8,736	8,572	164
Employer contributions to NHS pension scheme	14,610	14,281	329	13,762	13,499	263
Pension costs - other contributions	47	47	0	178	178	0
Termination benefits	131	131	0	201	201	0
Agency/contract staff	2,838	0	2,838	3,588	0	3,588
Total staff costs	147,559	140,505	7,054	141,364	133,709	7,655

During the year £678,000 of staff costs were capitalised (2012/13 £343,000).

5.2 Staff numbers (monthly average number of whole time equivalents)

	2013/14			2012/13		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	417	409	8	411	398	13
Administration and estates	908	870	38	837	800	37
Healthcare assistants and other support staff	579	488	91	545	490	55
Nursing, midwifery and health visiting staff	1,064	1,014	50	1,031	954	77
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	679	675	4	648	646	2
Total staff numbers	3,647	3,456	191	3,472	3,288	184

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 was 1 retirement (2012/13 4), at an additional cost of £1,000 (2012/13 £250,000). This information has been supplied by NHS Pensions.

5.4 Staff Exit Packages paid in year

Exit package cost band	2013/14 Total number of exit packages by cost band	2012/13 Total number of exit packages by cost band
<£10,000	14	24
£10,000 - £25,000	0	3
£25,001 - £50,000	0	1
£50,001 - £100,000	1	1
Total number of exit packages by type	15	29
	£000	£000
Total resource cost	131	201

6 Better Payment Practice Code

Measure of compliance

	2013/14		2012/13	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	57,374	94,696	53,704	89,036
Total Non NHS trade invoices paid within target	47,726	76,532	47,559	79,865
Percentage of Non-NHS trade invoices paid within target	83%	81%	89%	90%
Total NHS trade invoices paid in the year	2,142	8,830	2,032	12,637
Total NHS trade invoices paid within target	1,768	7,433	1,773	11,491
Percentage of NHS trade invoices paid within target	83%	84%	87%	91%

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

	2013/14 £000	2012/13 £000
Interest on bank accounts	74	118
Interest on loans and receivables	0	0
Total financial income	74	118

8 Financial expenses

	2013/14 £000	2012/13 £000
Interest on Loans from the Foundation Trust Financing Facility	679	387
Interest on Finance leases	3	8
Total financial expenses	682	395

South Devon Healthcare NHS Foundation Trust
Notes to the annual report and accounts
For the year ended 31 March 2014

9 Intangible assets
9.1 Intangible assets 2013/14

	Software licences £000	Group and Trust Assets under Construction £000	Total £000
Fair value at 1 April 2013	4,700	994	5,694
Additions purchased	147	689	836
Reclassifications	503	(627)	(124)
Revaluation	0	0	0
Disposals	(3)	0	(3)
Gross cost at 31 March 2014	5,347	1,056	6,403
Accumulated amortisation at 1 April 2013	2,614	0	2,614
Charged during the year	902	0	902
Disposals	(3)	0	(3)
Accumulated amortisation at 31 March 2014	3,513	0	3,513
Net book value			
- Purchased at 31 March 2013	2,086	994	3,080
- Total at 1 April 2013	2,086	994	3,080
- Purchased at 31 March 2014	1,834	1,056	2,890
- Total at 31 March 2014	1,834	1,056	2,890

9.2 Intangible assets 2012/13

	Software licences £000	Group and Trust Assets under Construction £000	Total £000
Fair value at 1 April 2012	3,476	432	3,908
Additions purchased	669	812	1,481
Reclassifications	575	(250)	325
Disposals	(20)	0	(20)
Gross cost at 31 March 2013	4,700	994	5,694
Accumulated amortisation at 1 April 2012	1,890	0	1,890
Charged during the year	744	0	744
Disposals	(20)	0	(20)
Accumulated amortisation at 31 March 2013	2,614	0	2,614
Net book value			
- Purchased at 1 April 2012	1,586	432	2,018
- Total at 1 April 2012	1,586	432	2,018
- Purchased at 31 March 2013	2,086	994	3,080
- Total at 31 March 2013	2,086	994	3,080

10 Property, plant and equipment

10.1 Property, plant and equipment 2013/14

	Group and Trust								
	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2013	5,775	72,763	3,663	5,228	38,800	575	13,578	3,731	144,113
Additions purchased	0	2,585	4	24,089	2,459	16	967	0	30,120
Additions donated	0	25	0	0	7	0	14	0	46
Reclassifications	0	1,659	110	(2,956)	505	0	806	0	124
Revaluations	40	(9,748)	(76)	0	0	0	0	0	(9,784)
Disposals	0	(260)	0	0	(1,327)	0	(190)	0	(1,777)
Cost or Valuation at 31 March 2014	5,815	67,024	3,701	26,361	40,444	591	15,175	3,731	162,842
Depreciation at 1 April 2013	0	6,817	209	0	27,549	361	9,608	3,275	47,819
Charged during the year	0	3,301	169	0	2,777	52	1,979	133	8,411
Impairments recognised in operating income and expenses (*see note 10.5)	0	2,182	33	0	0	0	0	0	2,215
Reversal of Impairments (*see note 10.5)	(40)	(586)	(5)	0	0	0	0	0	(631)
Reclassifications	0	(36)	0	0	36	0	0	0	0
Revaluation surpluses (*see note 10.5)	40	(11,678)	(406)	0	0	0	0	0	(12,044)
Disposals	0	0	0	0	(1,327)	0	(183)	0	(1,510)
Accumulated depreciation at 31 March 2014	0	0	0	0	29,035	413	11,404	3,408	44,260
Net book value									
- Total at 1 April 2013	5,775	65,946	3,454	5,228	11,251	214	3,970	456	96,294
- Purchased at 31 March 2014	5,815	63,439	3,701	25,499	11,409	178	3,706	312	114,059
- Donated at 31 March 2014	0	3,585	0	862	0	0	65	11	4,523
- Total at 31 March 2014	5,815	67,024	3,701	26,361	11,409	178	3,771	323	118,582

10.2 Property, Plant & Equipment Financing

	Group and Trust								
	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Purchased and Owned	5,815	63,439	3,701	25,499	11,369	178	3,706	312	114,019
Finance Leased	0	0	0	0	40	0	0	0	40
Donated and Owned	0	3,585	0	862	0	0	65	11	4,523
Total at 31 March 2014	5,815	67,024	3,701	26,361	11,409	178	3,771	323	118,582

10.3 Property, plant and equipment 2012/13

Group and Trust

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2012	5,775	61,598	3,663	6,866	40,018	1,418	11,548	3,721	134,607
Additions purchased	0	7,151	0	4,146	2,441	2	1,486	54	15,280
Additions donated	0	114	0	0	258	0	0	0	372
Reclassifications	0	3,900	0	(5,784)	856	23	667	13	(325)
Disposals	0	0	0	0	(4,773)	(868)	(123)	(57)	(5,821)
Cost or Valuation at 31 March 2013	5,775	72,763	3,663	5,228	38,800	575	13,578	3,731	144,113
Accumulated depreciation at 1 April 2012	0	0	0	0	29,450	1,164	7,992	3,155	41,761
Charged during the year	0	3,049	167	0	2,830	56	1,731	169	8,002
Impairments recognised in operating expenses	0	3,768	42	0	0	0	0	0	3,810
Disposals	0	0	0	0	(4,731)	(859)	(115)	(49)	(5,754)
Accumulated depreciation at 31 March 2013	0	6,817	209	0	27,549	361	9,608	3,275	47,819
Net book value									
- Total at 1 April 2012	5,775	61,598	3,663	6,866	10,568	254	3,556	566	92,846
- Total at 31 March 2013	5,775	65,947	3,454	5,228	11,251	214	3,970	456	96,294

10.4 Property, Plant & Equipment Financing

Group and Trust

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Purchased and Owned	5,775	62,257	3,454	5,191	9,668	214	3,833	439	90,831
Finance Leased	0	0	0	0	73	0	0	0	73
Donated and Owned	0	3,689	0	37	1,510	0	137	17	5,390
Total at 31 March 2013	5,775	65,946	3,454	5,228	11,251	214	3,970	456	96,294

10.5 Revaluation of assets during 2013/14

During 2013/14 the Trust commissioned the District Valuer to undertake a full revaluation of the Trust's PPE Land, Buildings and Dwellings. The outcome of this review has been incorporated into these financial statements. The review comprised three separate phases of work. The first was a modern equivalent asset (MEA) review by the District Valuer to ascertain whether any of the construction projects brought into use during the course of the year required impairment. During the year the Trust also entered into a lease agreement for the lease of part of the Trust's Building Estate i.e. part of the Torbay Hospital Annexe site to the Devon Studio School. As the Trust will derive an income from these assets from the Devon Studio School for the next fifty years, these assets were revalued. This was Phase 2 of the revaluation. Finally, the third phase of the review was to undertake a full revaluation of the Trust's Land, Buildings (excluding Dwellings) and Dwellings as at 31st March 2014 which comprised a physical inspection of the Trust's Land, Buildings and Dwellings as well as applying the latest local and national building cost indices to the valuation.

The outcome of these reviews have been incorporated into these financial statements and can be summarised as follows: -

Increase / (Decrease) in Revaluation					Total of which has been credited / (charged) to Other Operating Income / Operating Expenditure £'000	Proportion of which has been accounted for through the Revaluation Reserve £'000
Note	Land £'000	Buildings excluding Dwellings £'000	Dwellings £'000	Total £'000		
Phase 1 - MEA review of assets brought into use						
MEA revaluation review of when asset first brought into use	-	0	(1,235)	(33)	(1,268)	
Of the above £1,268k impairment charge allocated to Operating Expenditure, credit balances totalling £521k existed within the revaluation reserve in respect of these impaired assets. A transfer from the Revaluation Reserve to the Income and Expenditure Reserve has therefore taken place.	SOCITE					(521)
Phase 2 - Revaluation of Assets which now form part of the Trusts Finance Lease Receivable						
Revaluation of part of Torbay Hospital Annexe site	-	0	179	0	179	80 *
Phase 3 - Five Yearly Full Revaluation Exercise						
Five yearly review	-	40	1,390	335	1,765	2,180 *
Total		40	334	302	676	1,739
Reconciled to Primary Financial Statements / Other Notes to the Accounts						
Revaluations - Cost section of PPE note to accounts	10.1	40	(9,748)	(76)	(9,784)	(9,784)
Impairments recognised in Operating Expenditure	4.1 and 10.1	0	(2,182)	(33)	(2,215)	0
Reversal of Impairments	3.2 and 10.1	40	586	5	631	0
Revaluations - Depreciation section of PPE note to accounts	10.1	(40)	11,678	406	12,044	12,044
Transferred between I&E Reserve and Revaluation Reserve	SOCITE	-	-	-	-	(521)
Total		40	334	302	676	1,739

* - The combined value of these two revaluations totals £2,260k. This combined value can be traced to the SOCITE primary statement - i.e. page 3 of these Financial Statements

11. Investments

The Trust's principal subsidiary undertakings and investments as included in the consolidation as at the reporting date are set out in these financial statements. The reporting date of the financial statements for the subsidiary is the same as for these group financial statements - 31 March 2014.

SDH Developments Ltd

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

12	Inventories	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
12.1	Inventories balances				
	Drugs	1,809	1,408	1,374	1,408
	Consumables	2,423	2,396	2,423	2,396
	Energy	40	44	40	44
	Inventories carried at fair value less costs to sell	2,097	1,874	2,097	1,874
	Total	6,369	5,722	5,934	5,722
12.2	Inventory Movements and Inventories recognised in expenses	Group 2013/14 £000	Group 2012/13 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
	Carrying value at 1 April	5,722	5,076	5,722	5,076
	Additions	35,203	30,884	31,869	30,884
	Inventories recognised as an expense in the year	(34,589)	(30,187)	(31,746)	(30,187)
	Write-down of inventories (including losses)	(20)	(51)	36	(51)
	Other	53	0	53	0
	Carrying value at 31 March	6,369	5,722	5,934	5,722
13	Trade and other receivables	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
13.1	Trade and other receivables balances				
	Current				
	NHS receivables - Revenue	3,191	5,903	3,191	5,903
	Receivables due from NHS Charities	72	67	72	67
	Provision for impaired receivables	(678)	(396)	(678)	(396)
	Prepayments	1,997	1,938	2,299	1,938
	Accrued income	3,992	697	3,992	697
	Finance lease receivables	1	0	1	0
	PDC dividend receivable	84	47	84	47
	Other receivables *	3,256	2,250	3,076	2,250
		11,915	10,506	12,037	10,506
	Non-current				
	Finance lease receivables	684	425	684	425
	Other receivables *	1,631	1,460	2,179	1,460
		2,315	1,885	2,863	1,885
	Total trade and other receivables	14,230	12,391	14,900	12,391

* Other receivables includes Non-NHS Trade and Non-NHS Pharmacy Manufacturing Unit (PMU) receivables totalling £1,361,000 (2012/13 £1,051,000) and NHS Recovery Unit receivables of £1,955,000 (2012/13 £1,881,000). The PMU manufactures and sells pharmaceutical products to both NHS and non-NHS customers.

	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
13.2 Provision for impairment of receivables				
Balance at 1 April	396	563	396	563
Increase in provision	462	442	462	442
Amounts utilised	0	(46)	0	(46)
Unused amounts reversed	(180)	(563)	(180)	(563)
Balance at 31 March	678	396	678	396
13.3 Ageing of impaired receivables				
0-30 days	451	130	451	130
30-60 days	1	2	1	2
60-90 days	2	3	2	3
90-180 days	9	58	9	58
over 180 days	215	203	215	203
Total	678	396	678	396
13.4 Receivables past their due date but not impaired				
0-30 days	1,232	141	1,232	141
30-60 days	307	110	307	110
60-90 days	78	60	78	60
90-180 days	273	28	273	28
over 180 days	2,042	94	2,042	94
Total	3,932	433	3,932	433
14 Finance lease receivables				
Gross lease receivables				
	Minimum lease receivables			
	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Gross lease receivables	3,759	1,809	3,759	1,809
of which those receivable				
- not later than one year	63	23	63	23
- later than one year and not later than five years	253	93	253	93
- later than five years	3,443	1,693	3,443	1,693
	3,759	1,809	3,759	1,809
Unearned interest income	(3,074)	(1,384)	(3,074)	(1,384)
Net lease receivables	685	425	685	425
of which those receivable:				
- not later than one year	1	0	1	0
- later than one year and not later than five years	3	3	3	3
- later than five years	681	422	681	422
	685	425	685	425

The finance lease receivables relates to the lease of the Torquay Ambulance Station to the South West Ambulance Service NHS Trust, which expires in 2091 and the lease of part of the Torbay Hospital Annexe site to the Devon Studio School which expires in 2063.

15 Trade and other payables

	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Current				
Receipts in advance	292	132	292	132
NHS payables	488	552	488	552
Capital trade payables	5,191	2,658	5,191	2,658
Other trade payables	4,293	3,928	4,293	3,928
Social Security costs	2,966	2,926	2,966	2,926
Other payables *	3,544	3,286	3,487	3,286
Accruals **	6,882	6,311	6,882	6,311
Corporation Tax payable	22	0	0	0
	23,678	19,793	23,599	19,793

* Other payables include: - £2,055,000 (2012/13 £1,877,000) outstanding pensions contributions at 31 March 2014

** Accruals includes holiday pay of £1,016,000 (2012/13 £981,000) and property, plant and equipment of £571,000 (2012/13 £444,000)

16 Other liabilities

	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Current				
Deferred income	1,467	541	1,467	541

In 2013/14, deferred income includes £1,467,000 (2012/13 £541,000) relating to educational and other contracts

17 Borrowings

	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Current				
Loans from Foundation Trust Financing Facility	2,784	869	2,784	869
Obligations under finance leases (note 18)	16	60	16	60
	2,800	929	2,800	929
Non-current				
Loans from Foundation Trust Financing Facility	35,023	15,991	35,023	15,991
Obligations under finance leases (note 18)	0	16	0	16
	35,023	16,007	35,023	16,007

17 Borrowings (continued)

During 2013/14, the Trust entered into a further loan agreement with the Foundation Trust Financing Facility (FTFF) to enable the purchase of the freehold of the newly constructed Pharmacy Manufacturing Unit building. The sum of the loan drawn down totals £8.2m and is repayable over a twenty year period in equal instalments. The interest rate of the new loan is 2.99% per annum. In 2012/13, the Trust entered into another loan agreement with the FTFF. This loan again was to enable the replacement of ageing infrastructure and to improve patient facilities. The value of loans approved as at 31st March 2014 and the drawdown thereon are listed below. The PMU fit out loan is repayable over a 9 year period in equal instalments, the first principal repayment being due in September 2014. The 2011/12 Torbay Hospital infrastructure loan is repayable over a 19 year period and the first principal repayment was made in December 2012. The 2012/13 Torbay Hospital infrastructure loan is again repayable over a 19 year period with the first repayment having been made in September 2013. 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 2011/12 Torbay Hospital Infrastructure loan is 3.41%. The annual interest rate of the 2012/13 Torbay Hospital Infrastructure loan is 1.9%. The annual interest rate of the PMU loan is 3.14%.

	Torbay Hospital Infrastructure Loans 31 March 2014 £000	Pharmacy Manufacturing Fit Out Loan 31 March 2014 £000	Pharmacy Manufacturing Freehold Loan 31 March 2014 £000	Total 31 March 2014 £000	Total 31 March 2013 £000
Total value of Loans approved	20,000	16,000	8,240	44,240	36,000
Gross Loan Principal drawdown as at 31st March	20,000	11,100	8,220	39,320	17,130
Repayments made during prior periods	(270)	0	0	(270)	(270)
Repayments made during 2013/14	(1,038)	0	(205)	(1,243)	0
Total Liability as at 31st March	18,692	11,100	8,015	37,807	16,860
Principal Repayable within one year	1,067	1,305	412	2,784	869
Principal Repayable after one year	17,625	9,795	7,603	35,023	15,991

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

	Minimum lease payments 31 March 2014 £000	31 March 2013 £000
Amounts payable under finance leases		
of which liabilities are due		
- not later than one year	16	63
- later than one year and not later than five years	0	16
- later than five years	0	0
Gross lease liabilities	16	79
Less:		
Finance charges allocated to future periods	0	(3)
Net lease liabilities	16	76
Included in:		
Current borrowings	16	60
Non-current borrowings	0	16

19 Provisions

	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Current				
Pensions relating to other staff	274	269	274	269
Legal claims	221	174	221	174
	495	443	495	443
Non-current				
Pensions relating to other staff	3,715	3,735	3,715	3,735
	3,715	3,735	3,715	3,735

	Pensions relating to other staff £000	Legal claims £000	Total £000
At 1 April 2013	4,004	174	4,178
Change in the discount rate	221	0	221
Arising during the year	117	76	193
Utilised during the year	(275)	(71)	(346)
Reversed unused	(172)	42	(130)
Unwinding of discount	94	0	94
At 31 March 2014	3,989	221	4,210

Expected timing of cash flows:

- not later than one year	274	221	495
- later than one year and not later than five years	1,049	0	1,049
- later than five years	2,666	0	2,666
At 31 March 2014	3,989	221	4,210

At 1 April 2012	3,581	108	3,689
Change in the discount rate	188	0	188
Arising during the year	416	113	529
Utilised during the year	(278)	(14)	(292)
Reversed unused	(3)	(33)	(36)
Unwinding of discount	100	0	100
At 31 March 2013	4,004	174	4,178

Expected timing of cash flows:

- not later than one year	269	174	443
- later than one year and not later than five years	1,018	0	1,018
- later than five years	2,717	0	2,717
At 31 March 2013	4,004	174	4,178

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 2015. The potential liability has been split into two parts with one part being provided for and the second part included in Contingencies at Note 22.

£23.5 million (2012/13 £19.7 million) is included in the provisions of the NHSLA at 31 March 2014 in respect of clinical negligence liabilities of the Trust.

20 Notes to the Statement of cash flows

Cash and cash equivalents	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
At 1 April	16,615	16,454	16,615	16,454
net change in year	1,857	161	1,456	161
At 31 March	18,472	16,615	18,071	16,615
Broken down into:				
Cash at commercial banks and in hand	512	127	111	127
Cash with the Office of the Paymaster General/Government Banking Service	17,960	16,488	17,960	16,488
Cash and cash equivalents as in SoFP	18,472	16,615	18,071	16,615
Bank overdraft	0	0	0	0
Cash and cash equivalents as in SoCF	18,472	16,615	18,071	16,615

21 Capital Commitments

Commitments under capital expenditure contracts for property, plant and equipment at 31 March 2014 were £5,228,000 (31 March 2013 £1,353,000).

22 Contingent liabilities

	Group 31 March 2014 £000	Group 31 March 2013 £000	Trust 31 March 2014 £000	Trust 31 March 2013 £000
Contingent liabilities (gross value)	(2,970)	(176)	(2,970)	(176)
Net value of contingent liabilities	(2,970)	(176)	(2,970)	(176)

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 **£70,000** (2012/13 £96,000).

The Trust has not been informed of any potential additional personal injury claims other than those already assessed by the NHSLA (2012/13 8 potential additional cases with a potential value of £80,000).

Devon Studio School

The Trust has entered into a lessor finance lease with Devon Studio School to enable the School to use part of the Trust's Torbay Hospital Annexe site as an educational facility. The Secretary of State for Education has loaned the School a sum of money to invest in the site. This external investment does not form part of the Trust's Statement of Financial Position, but the value of the buildings leased to the School have been classified in the Trust's accounts as a finance lease. The lease is for a 50-year period, with a break point at year 30. If during the course of the primary lease period (i.e. the first 30 years) the Devon Studio School (or successor organisation) was to cease the delivery of education (for whatever reason), then the Trust would be obliged to pay a sum to the Secretary of State for the capital invested by the Department of Education. The potential sum payable diminishes over time but at 31 March 2014 the potential liability would be **£2.9m**. No provision for this potential liability has been made, as the likelihood of this liability crystallising is considered remote.

23 Related Party Transactions

South Devon Healthcare NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The independent Regulator of NHS Foundation Trusts ('Monitor') and other NHS Foundation Trusts are considered Related Parties.

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

During the year £11,072 (2012/13 £9,000) was spent on the provision of design and printing services with Thinkingcaps, a business which is run by the spouse of one of the executive directors of the Trust. There were no outstanding amounts payable at the yearend (2013: £0)

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 2013/14 £000	Income 2012/13 £000	Receivables 31 March 2014 £000	Receivables 31 March 2013 £000
Other NHS Foundation Trusts	6,230	5,142	1,403	1,032
Torbay and Southern Devon Healthcare NHS Trust	6,631	6,802	1,355	1,661
Other NHS Trusts	5,823	0	869	0
NHS South Devon And Torbay CCG	159,523	0	1,829	0
NHS North, East, West Devon CCG	5,197	0	85	0
Bristol, North Somerset, Somerset & South Glos Area Team	22,765	0	1,497	0
Devon, Cornwall and the Isles of Scilly Area Team	6,626	0	(177)	0
Torbay Care Trust	0	97,635	0	321
NHS Devon	0	83,156	0	2,694
Department of Health and Strategic Health Authorities	0	7,697	0	574
Other NHS organisations	13,503	18,113	649	1,205
Local Government and Central Government	4,831	1,557	1,238	195
	231,129	220,102	8,748	7,682
	Expenditure 2013/14 £000	Expenditure 2012/13 £000	Payables 31 March 2014 £000	Payables 31 March 2013 £000
NHS Blood and Transplant Agency	1,108	1,127	(19)	(28)
NHS Litigation Authority	4,380	4,033	0	0
NHS Pension Scheme	14,657	13,762	2,054	1,907
HMRC and National Insurance Fund	9,256	8,736	2,966	2,926
Other NHS organisations	7,574	7,568	1,773	1,100
Other Local Government and Central Government	1,877	2,253	322	781
	38,852	37,479	7,096	6,686

The Trust has also received revenue contributions of £662,000 (2012/13 £894,000) and capital of £46,000 (2012/13 £372,000) 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 7AJ. The charity had reserves of £4,136,000 as at 31st March 2014 and recorded an increase in funds of £221,000 during the year ended 31st March 2014.

The balance of receivables due from the South Devon Healthcare Charitable Fund at 31 March 2014 was £72,000 (2012/13 £67,000).

The Trust is a member of the Clinical Negligence Scheme for Trusts, administered by the NHSLA. Further details of balances are disclosed in Note 18 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 £678,000 (2012/13 £396,000).

The Trust has entered into a contract with Torbay and Southern Devon CCG to provide it with patient services for 2013/14 which is comparable with the value of the 2012/13 contracts with Torbay Care Trust and NHS Devon.

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.

24 Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another enterprise.

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

The financial assets and liabilities of the Trust are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks as well as credit exposures to the Trust's commissioners and other receivables. Surplus operating cash is only invested with UK based Clearing banks. The Trust's cash assets are held with National Westminster Bank plc., the Office of the Government Banking Service and Citibank only. An analysis of the ageing of receivables and provision for impairment can be found at note 13, trade and other receivables.

Because of the continuing service provider relationship that the Trust has with local primary care trusts and the way those primary care trusts are financed, the Trust is not exposed to the degree of credit risk faced by many other business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 25 mainly applies.

Liquidity risk

Liquidity risk is the possibility that the Trust might not have funds available to meet its commitments to make payments. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

The Trust's net operating costs are incurred largely under annual service agreements with local primary care trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust has secured three Foundation Trust Financing Facility (FTFF) Loans, details of which are disclosed in note 16 to the accounts. These loans are being used to enable the Trust to invest in replacement infrastructure of Torbay Hospital and to enable the expansion of the Trusts Pharmacy Manufacturing Unit (PMU). Interest on these loans are fixed. The two infrastructure loans are repayable over a 18 year period and the PMU loan is repayable over a 9 year period. 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.

South Devon Healthcare NHS Foundation Trust
Notes to the annual report and accounts
For the year ended 31 March 2014

24.1 Financial assets and liabilities by category

Loans and receivables	31 March 2014 £000	31 March 2013 £000
Assets as per statement of financial position		
Trade and other receivables excluding non-financial assets	12,149	10,406
Cash and cash equivalents	18,472	16,615
Total at 31 March	30,621	27,021

Other financial liabilities	31st March 2014 £000	31st March 2013 £000
Liabilities as per statement of financial position		

Borrowings excluding finance leases	37,807	16,860
Obligations under finance leases	16	76
Trade and other payables excluding non-financial liabilities	20,420	16,736
Provisions under contract	221	174
Total at 31 March	58,464	33,846

Maturity of Financial Liabilities	31st March 2014 £000	31st March 2013 £000
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In one year or less	23,441	17,838
In more than one year but not more than two years	2,782	989
In more than two years but not more than five years	8,347	2,917
In more than five years	23,894	12,102
Liabilities in disposal groups excluding non-financial assets		
Total at 31 March	58,464	33,846

24.2 Fair values

The book value of assets and liabilities due after 12 months is the same as the fair value of the assets and liabilities.

25 Third Party Assets

The Trust held £nil cash at bank and in hand at 31 March 2014 [2012/2013 £nil] relating to monies held by the NHS Foundation Trust on behalf of patients.

26 Intra-Government 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	Payables: amounts falling due after more than one year £000
Balances with other Central Government Bodies	1,238	0	5,323	0
Balances with, NHS England, CCGs, NHS Trusts and Foundation Trusts	7,426	0	1,773	0
Balances with Department of Health	84	0	0	0
At 31 March 2014	8,748	0	7,096	0
Balances with other Central Government Bodies	195	0	5,614	0
Balances with NHS Trusts and Foundation Trusts	6,951	0	1,072	0
Balances with Department of Health	536	0	0	0
At 31 March 2013	7,682	0	6,686	0

27 Losses and Special Payments

There were 39 (2012/13 35) cases of losses and special payments totalling £13,000 (2012/13 £9,000) paid for the year ended 31 March 2014.

Note: The total costs included in this note are on a cash basis and will not reconcile to the amounts in the notes to the accounts which are prepared on an accruals basis.

28 Private Finance transactions

The Trust has not entered into any private finance transactions.

29 Pooled budgets

The Trust has not entered into any pooled budget projects.

