

Torbay and South Devon NHS Foundation Trust

Annual Report and Annual Accounts 2015/16

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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 2015/2016
Incorporating the performance report, accountability report and quality report.

Alternative formats

If you require any assistance in communicating with us, or wish to receive information in an alternative format please contact our Patient Advice and Liaison Service on: Telephone: 01803 655838 | Free phone: 0800 028 20 37 | Email: pals.sdhct@nhs.net | SMS: 07789 864196

Laid before Parliament

This Annual Report 2015/16 has been produced to be laid before Parliament in July 2016, 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.torbayandsouthdevon.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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Part I: Performance Report

Overview of performance

Chair's statement

Richard Ibbotson

I write this foreword to our annual report for the first time as the Chairman of Torbay and South Devon NHS Foundation Trust. The merger of South Devon Healthcare NHS Foundation Trust with Torbay and Southern Devon Health and Care NHS Trust meant this new integrated care organisation became a reality on 1 October last year. Since then a great deal has happened, but we are still at the beginning of a journey and the pace of change continues to increase. We must keep in the forefront of our minds that the motive for these changes is simply that we provide the best we can with the resources available for the people that we serve. Making these changes during a period of remarkable operational pressures and increasingly limited money is difficult and is having an impact on the pace of delivery. Nevertheless, your Board remains determined to achieve success.

Many of the Board team are new since last year, and from August this year (when our Director of Human Resources and Organisational Development arrives) we will have a full set of substantive executives for the first time in ages. This is a strong, carefully selected team that will lead us through the challenges ahead, of which there will be plenty. I write this whilst awaiting our Care Quality Commission (CQC) inspection report; inevitably there will be implications for us from this. The success regime work in the neighbouring North, East, West (NEW) Devon area will impact on us, and the Clinical Commissioning Group led public consultation work on the reconfiguration of community services is gathering momentum. Finally, there is due diligence work underway on children's social services in our area. This latter is currently not delivered from within the Trust, but may well be in the future. All these topics will have consequences for us as we move the integrated care organisation (ICO) forwards.

Internally I remain in awe of our health and social care professionals who handle the unrelenting pressure with compassion, patience, and friendly efficiency for our patients and clients. Our emergency department (ED) typifies this approach. Here the problems remain very significant, but the determined ED engagement, not solely in the department but across the whole Trust, is starting to deliver positive change.

So, my message is firstly thank you to all Trust staff for holding the line during exceedingly challenging times, and secondly that I judge we remain well placed to take the Trust forward as we move into the delivery phase of being an integrated care organisation. This is a phase where local people will really start to see the benefits of integration, and where we are able to deliver health and care services that are truly centred around them and their needs.

Chief Executive's statement

Mairead McAlinden

This report marks both an exciting and challenging year, exciting because October saw the launch of our new Integrated Care Organisation and brought together our two local Trusts into the Torbay and South Devon NHS Foundation Trust - one of the first in England to bring community health, adult social care and acute hospital provision into a single provider organisation. We are now a large and complex Trust with 6,000 staff and an annual budget of around £375 million. I thank all the partners who worked so hard to achieve the approval for our new ICO, particularly South Devon and Torbay Clinical Commissioning Group (CCG) and Torbay Council, the leadership of both our legacy Trusts, our many supporters across our community and, importantly, our dedicated staff who saw the benefits for our local population and put their needs first.

This level of organisational change is always a challenge for staff, and I commend them all for the support and patience they have shown, as well as ensuring local people received effective care throughout the transition and beyond. We have also faced significant pressures on our services, urgent care in particular, and staff have done their very best, right across our system of care, to manage these pressures through a difficult winter. These challenges are still with us, and that is why this change is so important - it creates the conditions for delivering a new model of care that moves resources from bed based care to care in the community, closely working with our local GPs, and developing stronger partnership working with our local voluntary sector and other public services to deliver truly 'place based' care in or local to home.

We are working with our commissioners to change how care is delivered, and we are asking local people to understand the need for change and help us to deliver a better model of care, one that better meets the needs of the most vulnerable and supports people to live their life to the full.

There are two main performance issues I wish to highlight during the year in relation to Monitor's targets:

- the accident and emergency (A&E) four-hour target and
- the Trust's failure to meet the 18-weeks in aggregate referral to treatment (RTT) time for incomplete pathways.

The four hour standard has remained a challenge throughout the year with timely flow of patients being the most significant problem.

A number of initiatives are being introduced to streamline assessment processes to ensure patients can be seen by a senior doctor and vital signs are taken promptly by the clinical team. An additional ward has been permanently staffed to address the ongoing pressures on bed capacity. Work has been ongoing to improve discharge processes and a new IT system was introduced in the summer of 2015 to improve the quality of clinical and management information recorded in the emergency department.

Referral to treatment waiting lists for treatment in several specialities including ophthalmology, upper gastroenterology and orthopaedics have been the main challenges in achieving RTT in 2015-16.

Significant progress has been made during the year to improve performance in these areas with overall compliance with RTT standards by July 2016.

The Trust continues to perform well against all cancer targets with compliance being maintained throughout the year.

Other references to performance for 2015-16 are covered in several sections throughout this report:

- Performance Analysis (pages 14 to 18)
- Regulatory Ratings (pages 54 to 57)
- Annual Governance Statement (pages 59 to 73)
- Part three of the Quality Report (pages 143 to 147)

Key issues and risks to Trust objectives can be found with the annual governance statement (pages 61 to 65).

This report sets out our progress during the last year against our targets and shows you how we have used our resources to provide health and care to local people.

A brief history about the Foundation Trust and its statutory background

A brief History

In October 2015, the two successful organisations responsible for local health and social care services merged to create Torbay and South Devon NHS Foundation Trust.

Torbay and Southern Devon Health and Care NHS Trust (which ran the community hospitals, community care, and adult social care) sought to work in partnership to continue to provide an effective and integrated service to the local community. South Devon Healthcare NHS Foundation Trust (which ran Torbay Hospital) firmly believed that joining the two Trusts together to create a single integrated care organisation (ICO) was the most sustainable choice for future service delivery and following many years of planning, and a rigorous governance review, the Secretary of State for Health signed the agreement to create our ICO. We have over 6,000 staff and serve a local population of around 375,000 and are the first Trust in England to join-up hospital and community care with social care.

Torbay and South Devon NHS Foundation Trust is an integrated organisation providing acute health care services from Torbay Hospital, community health services and adult social care.

The Trust runs Torbay Hospital, nine community hospitals and provides health and social care in Dawlish, Teignmouth, Totnes, Dartmouth, Torbay, Newton Abbot, Ashburton, Bovey Tracey and the surrounding area.

We have around 500,000 face-to-face contacts with patients in their homes and communities each year and see over 78,000 people in our accident and emergency (A&E) department annually. We serve a resident population of approximately 375,000 people, plus about 100,000 visitors at any one time during the summer holiday season.

Our workforce of approximately 6,000 staff includes frontline health and social care staff, such as nurses, occupational therapists, social workers, consultants, and physiotherapists who work in peoples own homes and from a range of different premises across Torbay and south Devon such as community hospitals and clinics. We also have over 800 volunteers who make a difference each and every day to the people we care for.

Our purpose is to provide high-quality, safe health and social care at the right time and in the right place to support the people of Torbay and south Devon to live their lives to the full. This means that as an organisation we want people to:

- Be empowered to manage their own health and care needs
- Work in partnership with professionals
- Only tell us their story once
- Access seamless care easily
- Have care in or close to home, whenever appropriate
- Work together as a community to look after health and care needs.

We receive the majority of income from our commissioners, South Devon and Torbay NHS Clinical Commissioning Group, who receive an allocation of NHS money from the government each year and decide on healthcare priorities for the local population. The responsibility for the adult social care budget is delegated to us via Torbay Council, and we have a memorandum of understanding with Devon County Council to run social care services in a joined up way.

The Trust is well supported by the League of Friends in Torbay Hospital and those of our nine community hospitals, who work tirelessly to raise vital funds to support our work and help improve our services.

At a glance - 2015/16 compared to 2014/15

	Previous year (2014/15)	This year (2015/16)
Total revenues	£245,216,000	£321,056,000
Trust funded Capital Expenditure (Excluding capital acquired under absorption)	£13,394,000	£16,679,000
Total expenses (including PDC*, but Excluding gain from absorption)	£253,865,000	£347,078,000
Pay expenditure (excluding capitalised costs)	£153,555,000	£186,000,000
Non-pay expenditure (including depreciation and PDC)	£100,310,000	£161,078,000
How much we spend per day (excluding depreciation)	£707,000	£981,000
Worked FTE*	3,803	4,667
Staff numbers headcount	4,228	6059

The Foundation Trust acquired Torbay and South Devon Health and Care NHS Trust on 1 October 2015 which explains the significant increase in the figures in the table between the years.

*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 of the NHS Constitution, consistent with our vision and our aim to improve quality through partnership.

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

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

Our ambition

The formation of the Integrated Care Organisation on 1 October 2015 will allow us to work with staff for the benefit of all members of the local community – “working with you, for you”.

Our vision

Our vision is a community where we are all supported and empowered to be as well and as independent as possible, able to manage our own health and wellbeing in our own homes. When we need care we have choice about how our needs are met, only having to tell our story once.

Our purpose

To provide safe, high quality, health and social care at the right time, in the right place to support the people of Torbay and South Devon to live their lives to the full.

Our partners

Our Trust is all about working in partnership with the people we serve at the centre. We work mainly with GPs and primary care, Devon County and Torbay councils, the local community voluntary sector and our local Clinical commissioning Group (CCG). We have plans for the next five years to deliver real change in how services are provided. The new organisation, with a turnover in excess of £350m, will be of sufficient size to operate effectively into the future.

Highlight of the Year

The ICO – our future Model of Care

Care will be centred around communities and people, and focused on wellbeing, self-care and prevention of ill-health. Voluntary services will play a fundamental role in supporting people to maintain an active and fulfilling life, retaining their independence for as long as possible. More specialised services will be provided to people at home and in their local communities. People will only go to hospital when they need treatment or care that cannot be provided in their own community and we already have several successful examples of these changes:-

Musculo-skeletal physiotherapy teams - Torbay and South Devon's ten rapid access musculo-skeletal physiotherapy teams were designed after taking patient feedback on board. People can now refer themselves for assessment, advice and a treatment plan, which may include onward referral if required. We offer an appointment within 3 days at clinics in the community.

Wellbeing co-ordinators - Wellbeing co-ordinators are being appointed to ensure your care is based around 'What matters *to* you' rather than 'What is the matter *with* you'.

Seeking advice in the ICO - For most people, their GP is the starting point when they need help with their health. Often, the GP is able to diagnose, advise and treat the patient with no further intervention. However, sometimes, they need more specialist advice and the ICO intends to offer GPs an option to seek advice when necessary to ensure that patients get advice and treatment much more quickly. If the GP and specialist agree that the patient does need a hospital appointment, it will be possible to arrange any necessary tests before their appointment, so that a diagnosis can be reached more quickly and the right treatment planned. For many patients, this should mean fewer, costly and time-consuming visits to hospital.

What will success look like?

Our aim is that our local people will only have to tell their story once – to a wellbeing co-ordinator. You will be involved in decisions about your health and care and offered lifestyle support. If you live with long-term conditions, you will be supported to manage those conditions as close to home as possible, with minimal need for hospital appointments and admissions.

Statutory Background

Torbay and South Devon 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.gov.uk/government/organisations/monitor

Performance Analysis

Performance against key national targets and indicators

Performance reports are provided monthly to the Finance, Performance and Investment Committee and the Board. These reports cover all the key national and local performance standards to provide assurance to the Board about the quality of our care. From October 2015 we now include a range of community and social care indicators such as timeliness of adult social care placements and children with a child protection plan.

We have established four service delivery units covering medicine, surgery, community and women, children, diagnostics and therapies. Each of these units meet with the executive team on a two monthly basis to review their quality and performance dashboards. Areas for improvement are identified and issues escalated to the Board where necessary.

A detailed analysis and explanation of development and performance can be found within part three of the Quality Report (pages 143 to 147)

Information about environmental matters, including the impact of the Trust's business on the environment can be found on pages 43 to 44.

Information about social, community and human rights issues including information about any Trust policies and the effectiveness of those policies can be found on pages 40 to 42.

Financial performance in 2015/16

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 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 2015/16

For 2015/16 the Trust delivered a Financial Sustainability of two on a scale of one to four, with a score of four being the strongest.

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

The Sector Regulator for NHS Services (Monitor) in conjunction with NHS England set a challenging tariff for 2015/16 particularly for small and medium sized acute providers. Accordingly the Trust set a deficit budget for 2015/16 of £6.1 million given the significant Continuous Improvement Programme (CIP) delivery having been required year-on-year and the challenges seen to be building in delivering this recurrently every year.

The sector as a whole saw increasing use of agency and temporary staff and increasing costs associated with that. This cost increase combined with only a marginal rate for the increased activity caused more organisations to fall into deficit.

This National picture was mirrored in Torbay and South Devon NHS Foundation Trust. The Trust due to its demographic profile also saw continuing demand for additional nursing staff to undertake supportive observations for the increasing number of complex elderly cases being seen. As a result for these pressures the Trust set a revised budget in December 2015 moving to £9.1million deficit (excluding impairment and donated asset income).

The Trust has ended the year slightly worse than that at £10.6 million (excluding PDC capital to revenue transfer, impairment and donated asset income). Impairment charges and reversal of impairment charges, as disclosed on the statement of comprehensive income (SOCi), arise as a consequence of revaluing property, plant and equipment during the course of the financial year. The processing of donated assets as income, required under International Accounting Standards, is also excluded.

Funding overview

The Trust earned £325.1 million of income during 2015/16 primarily from clinical activities, but also received a considerable amount of income from education and training and income generation schemes.

A proportion of the clinical income received by the Trust was derived from activity undertaken at a tariff price, following the funding principles of the system known as payment by results, which is now embedded within the NHS. Under this system, the Trust received income based on the number of in-patient, day case, outpatient and emergency patients treated. The majority of the Trust's patient-related income was received on a block contract basis, with the Trust receiving a fixed amount of income for providing a defined range of services. This mainly related to risk sharing arrangements the Trust entered into with Southern Devon and Torbay Clinical Commissioning Group (CCG).

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

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 health and social care within available resources. Ensuring value for money in all of the Trust's activities is therefore a fundamental part of our financial strategy.

We are working in partnership with our local Commissioners in a risk shared contract that has assumed an agreed level of efficiency savings for 2015/16. The saving target for a full year of our combined organisation, that integrated during 2015/16 to become Torbay and South Devon NHS Foundation Trust, was £15.2 million. The Trust achieved a total of £13.1 million delivery in the year, however, the non-recurrent element was £10.2 million.

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

Capital developments during the last year

During 2015/16, the Trust continued to invest in its facilities and equipment and carried out capital projects totalling £16.7 million. In addition to this sum the Trust received Charitable Donations totalling £0.2 million which has predominantly been invested in new medical equipment. Part of the Trust's capital expenditure has been supported by loans received from the Department of Health's Independent Trust Financing Facility (ITFF). The total of loans drawdown during 2015/16 to support capital expenditure totals £9.9m. Further details of capital loans received by the Trust and their repayment terms are disclosed in the Trust's Annual Accounts.

Cashflow

On 1st October 2015, the Trust acquired Torbay and Southern Devon Health and Care NHS Trust. Upon acquisition cash resources of £2.8 million were acquired. In addition to this sum the Trust secured a £21 million long term working capital facility loan from the ITFF Department of Health's Independent Trust Financing Facility (ITFF). The working capital facility loan has been used and will continue to be used to support the changes required to introduce new care models for the population that the Trust serves. During the course of the year cash balances have increased from £12.1 million to £23.6 million. Further details of cash movements are disclosed in the Cash Flow Statement within the Trust's accounts.

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.

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.

Accounting policies

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

Income from non-contracted activity

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

Partially completed patient spells

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

Risk of fraud in revenue and expenditure recognition

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

Valuation of Property, Plant and Equipment (PPE)

The valuation of PPE is an elevated risk raised by the external auditors, as identified in their audit plan. This is due to the level of assumptions and estimation that is required by the District Valuer (DV) in their assessment of the values of buildings and land. The Trust engaged the DV to perform a review in March 2016. As part of external audit's year-end procedures, PricewaterhouseCoopers (PwC) will consult with the DV and their own internal valuers to determine whether the valuation methodology and assumptions used were appropriate. In addition, PwC will also focus our testing on the information provided to the DV for their assessment.

Charitable funds

Torbay and South Devon NHS Charitable Fund (previously South Devon Healthcare Charitable Fund) is a registered charity and as such a separate legal entity, established to benefit the patients of Torbay and South Devon NHS Foundation Trust (and previously 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, clients, service users and staff. In 2015/16, the charitable fund received £1,145k of income. This included funding of £44k from Community Hospital Leagues of Friends towards the purchase of equipment at their respective hospitals.

Torbay Medical Research Fund (TMRF) contributed £74k in respect of various research projects within the Trust. Other notable donations included £65k from the Tropical Health and Education Trust for partnership projects in Kenya.

The Trust would also like to acknowledge the very generous fund raising efforts of the Torbay Hospital League of Friends. The League are currently fundraising to enable the Trust to equip a new Critical Care Unit that is being constructed. This facility is due to be completed during the financial year 2016/17. The League is hoping to fund raise a total of circa £1.6 million for this facility alone. The income and expense for the equipping of the unit will be accounted for by Torbay and South Devon NHS Charitable fund in 2016/17.

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

Important events since the end of the financial year

The Trust received a draft Care Quality Commission report from their February 2016 visit, with the full publication of the report being planned for June. The Trust expects the CQC report to be issued in June and the Quality Summit is planned for 14 June 2016. Further information can be found within the annual governance statement and quality report.

Going concern disclosure

Under international accounting standards the board is required to consider the issue of going concern. After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. The board has reviewed the following and the Torbay and South Devon 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 Trust has a strong cash balance and a committed working capital facility with the Independent Trust Financing Facility.
- 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.

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

Signed



Mairead McAlinden
Chief Executive

Date: 25 May 2016

Part II: Accountability Report

Directors report

The directors of Torbay and South Devon NHS Foundation Trust state that, as far as they are aware, there is no relevant audit information of which the NHS foundation trust's auditors is unaware.

The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information.

Our Board of Directors

Torbay and South Devon 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 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 service delivery units (previously known as divisions), enabling them to develop a closer understanding of the hospital, arrange ward visits and meet key staff including clinical directors. Meetings of the non-executive directors have continued to be held on a regular basis during the year. Executive and non-executive directors attend meetings of the Council of Governors, and at each meeting one of the non-executive directors has the opportunity of giving a report covering their portfolio of committee responsibilities as well as putting forward their key priorities and associated risks.

As mentioned below (page 50) there has been two appointments to the non-executive team during 2015/16 and one appointment was made in April 2016 following a second round of interviews.

Appraisal of executive directors is conducted by the chief executive.

Post integration, 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 2015/16 the board adopted a new set of corporate objectives linked to the annual plan as well as a new purpose, vision and strapline in consultation with staff.

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

Place of residence, date of service contract, unexpired term, notice period and attendance	Background
<p>Sir Richard Ibbotson, Plymouth, appointed June 2014, can be considered for re-appointment before June 2017, one month.</p> <p>Board of Directors 11/11</p> <p>Council of Governors 4/4</p>	<p>Sir Richard Ibbotson was appointed Chair of the Trust in June 2014 shortly after retiring as Admiral in the Royal Navy. His naval career included periods as Commodore of Britannia Royal Naval College, Commander British Forces Falkland Islands and, most recently, Deputy Commander-in-Chief Fleet (effectively Chief Operating Officer of the Royal Navy and Royal Marines). As well as being knighted for his services, Sir Richard is a Companion of the Most Honourable Order of the Bath and holds the Distinguished Service Cross and the NATO meritorious service medal. He also holds other public roles, as a Deputy Lord Lieutenant for Devon, Governor of Plymouth University and Chairman of the Royal Navy Royal Marines Charity and was a Member of the Armed Forces Pay Review Body.</p>
<p>David Allen (Vice Chair), OBE, Newton Abbot, appointed March 2012, can be considered for re-appointment before March 2018, one month.</p> <p>Board of Directors 9/11</p> <p>Council of Governors 1/4</p> <p>Audit and Assurance Committee 3/5</p>	<p>David Allen OBE has been a Non-Executive Director for the Trust since 2012 and was Acting Chair from February 2014 to May 2014. He spent 37 years in higher education and retired as Registrar and Deputy Chief Executive of the University of Exeter in 2013. David is a Principal Consultant with Perrett Laver, an executive search firm, and a Chair 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>John Brockwell, Salcombe, term ended February 2016</p> <p>Board of Directors 10/10</p> <p>Council of Governors 1/4</p> <p>Audit and Assurance Committee 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 four years as a Non-Executive Director and Chair of the Audit Committee for Torbay Care Trust.</p>
<p>Les Burnett (Senior Independent Director*), Torquay, term ended March 2016</p> <p>Board of Directors 9/11</p> <p>Council of Governors 0/4</p> <p>Audit and Assurance Committee 3/5</p>	<p>Mr Les Burnett, from Maidencombe in Torquay and appointed from March 2008, brings expertise as a chartered accountant to the Board as well as experience of giving financial, tax and strategic advice. He is a Managing Partner at Francis Clark, Chartered Accountants. Mr Burnett has also been Chair of Torbay Development Agency Ltd.</p>

<p>Jacqui Lyttle, Torquay, appointed October 2014, can be considered for re-appointment before October 2017, one month.</p> <p>Board of Directors 9/11</p> <p>Council of Governors 1/4</p> <p>Audit and Assurance Committee 4/5</p>	<p>Jacqui Lyttle joined the Board as a Non-Executive Director in October 2014. Having spent over 20 years working in the NHS at very senior manager and board level, Jacqui established her own independent healthcare consultancy in 2008. She has a genuine passion for improving care for patients and has spoken both nationally and internationally about service improvement and transformational change. Jacquie continues to work actively within the NHS, being a director of a small specialist provider organisation to NHS England, and as executive commissioning advisor to five Clinical Commissioning Groups (CCGs) and one Commissioning Support Unit, Royal College of General Practitioners (Pain faculty), The Dystonia Society and The European Parliament. She is also a lecturer for Health Education Wessex, and the Royal College of Surgeons (Dental Faculty).</p>
<p>Sally Taylor, Modbury, appointed January 2013, can be considered for re-appointment before January 2019, one month.</p> <p>Board of Directors 11/11</p> <p>Council of Governors 2/4</p> <p>Audit and Assurance Committee 5/5</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>James Furse, Totnes, appointed January 2014, can be considered for re-appointment before January 2017, one month.</p> <p>Board of Directors 11/11</p> <p>Council of Governors 3/4</p> <p>Audit and Assurance Committee 5/5</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>Jon Welch, Brixham, appointed October 2015, can be considered for re-appointment before October 2018, one month.</p> <p>Board of Directors 4/5</p> <p>Council of Governors 1/1</p> <p>Audit and Assurance Committee 2/3</p>	<p>Jon joined the Board of Torbay and Southern Devon Health and Care NHS Trust in 2006 (then known as Torbay Care Trust) and had corporate responsibility for both community health and for adult social care provision. He played a key part in ensuring that the Trust achieved both financial and operational targets, initially as Audit Committee Chair and then as non-executive director responsible for governance. Jon comes from a Royal Navy background, with his last appointment before he retired being Head of Research and Technology for NATO Transformation Command in the US. He received a letter of appreciation and commendation from the NATO Secretary General following his successful formation of a new department with high level NATO interest. He was also honoured with the Legion of Merit by the US President; the highest award the US can give to a foreign national.</p>

*The role of Senior Independent Director (SID) role was held by Les Burnett until 31 March 2016; the date at which Mr Burnett's term ended. A new SID will be discussed at the May Board meeting and then formally confirmed with the Council of Governors at their next meeting in July.

Executive Directors

Responsibilities, date of service contract, unexpired term, notice period and attendance	Background
<p>Mairead McAlinden, Chief Executive, appointed April 2015, ongoing, six months.</p> <p>Board of Directors 10/11</p> <p>Council of Governors 3/4</p>	<p>Mairead McAlinden joined South Devon Healthcare Foundation Trust as Chief Executive in April 2015. She was appointed to lead the Trust as it prepares to integrate with Torbay and Southern Devon Health and Care NHS Trust to form an integrated care organisation providing community and acute healthcare as well as adult social care.</p> <p>Mairead has worked in a range of health and social care posts since 1992. Prior to coming to Devon her last five years were spent as Chief Executive of Southern Health and Social Care Trust in Northern Ireland, with an income of £550 million and 13,000 staff serving a population of around 400,000. Her previous role within the Trust was as Deputy Chief Executive/Director of Performance and Reform, and part of the leadership team that managed the integration of four Trusts into the new Trust in 2007. Before this Mairead was the Regional Director of Integrated Care and Treatment Services (2006) in the Department of Health and Social Services in Northern Ireland and Director of Planning and Performance (2002 to 2006) for the service commissioning organisation for the Southern area of Northern Ireland.</p>
<p>Paul Cooper, Director of Finance and Deputy Chief Executive, appointed July 2010, ongoing, six months.</p> <p>Board of Directors 11/11</p> <p>Council of Governors 3/4</p> <p>Audit and Assurance Committee 5/5</p>	<p>Paul Cooper qualified as a chartered accountant with KPMG (KPMG is a global network of professional firms providing audit, tax and advisory services) before joining the NHS in 1992. He has undertaken a wide variety of financial management roles in health authority, primary care trusts and provider organisations, all within the South and West Devon area. Paul joined the Trust in July 2010, from his previous post at Plymouth Hospitals NHS Trust. As well as leading on all aspects of financial management, Paul has a wealth of experience in contracting, performance and information management and is committed to integrating all of these disciplines, delivering comprehensive business support to clinical teams as they steer their services through what are challenging times for the NHS. Paul is an active member of the Healthcare Financial Management Association. Paul is also the Trust's deputy chief executive.</p>
<p>Lesley Darke, Director of Estates and Commercial Development, appointed July 2012, ongoing, six months.</p> <p>Board of Directors 10/11</p> <p>Council of Governors 1/4</p>	<p>Lesley Darke began her career as a nurse, training at Guy's 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>

Responsibilities, date of service contract, unexpired term, notice period and attendance	Background
<p>Liz Davenport, Chief Operating Officer, appointed September 2014, ongoing, six months.</p> <p>Board of Directors 11/11</p> <p>Council of Governors 3/4</p>	<p>Liz Davenport was interim Chief Operating Officer at SDHFT from September 2014 until she was appointed to the substantive post in January 2015. She came to the Trust with a wealth of experience, having worked at Devon Partnership Trust (a mental health and learning disability trust) since 2001, including four years as a Locality Director, five years as Director of Workforce and Organisational Development, and four years as Director of Operations. Alongside this role, Liz was also Deputy Chief Executive since April 2013 and was acting Chief Executive for a time until a substantive appointment was made. Before moving to Devon in 2001, Liz worked for five organisations that delivered mental health and learning disability services and held a number of professional leadership, team management and clinical roles as an Occupational Therapist, including Professional Lead for Occupational Therapy at Devon Partnership Trust.</p>
<p>Rob Dyer, Medical Director, appointed December 2015, 2.5 years unexpired term, six months.</p> <p>Board of Directors 3/3</p> <p>Council of Governors 1/1</p>	<p>Consultant Physician and Endocrinologist, Dr Dyer trained in Birmingham and Newcastle and has been a consultant since 1994, first in Northumberland and Newcastle, and from 1998 at Torbay Hospital. His clinical specialisms are in diabetes, endocrinology and thyroid problems. Dr Dyer also holds the position of Associate Medical Director for Long Term Conditions and Transformation and has a long-standing interest in integrated care models, patient self-management and prevention in long term conditions. He has experience of management of acute medical admissions and sub-specialty endocrine and thyroid cancer management.</p>
<p>John Lowes, Medical Director until November 2015</p> <p>Board of Directors 6/8</p> <p>Council of Governors 1/3</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>Martin Ringrose, Interim Director of Human Resources, appointed January 2015, four months unexpired term, six months.</p> <p>Board of Directors 8/11</p> <p>Council of Governors 4/4</p>	<p>Martin was appointed Interim Director of Human Resources in January 2015, a joint position covering SDHFT and TSDHCT. One of his key responsibilities will be guiding staff through the creation of the Integrated Care Organisation.</p> <p>Martin has a long history in the NHS and started as a trainee in London in 1980. In 1989 he became the Deputy HR Director of SDHFT and in late 1992 was appointed to his first Director of HR role, in the West Midlands. Since that time he has worked as a HR Director in a variety of Trusts in the West Midlands, East Midlands and Devon. In 2005 he became the HR Director of Torbay Care Trust and his role at that stage was to bring together the workforces from both healthcare and social services. In 2010 Martin became the HR Director of the local mental health trust, Devon Partnership Trust.</p>

Responsibilities, date of service contract, unexpired term, notice period and attendance	Background
<p>Jane Viner, Chief Nurse, appointed July 2013, ongoing, six months.</p> <p>Board of Directors 10/11</p> <p>Council of Governors 2/4</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.</p> <p>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>Ann Wagner, Director of Strategy and Improvement, appointed February 2016, ongoing, six months.</p> <p>Board of Directors 2/2</p> <p>Council of Governors 0/0</p>	<p>Ann joined the Trust in February 2016 from Airedale NHS Foundation Trust, when in 2006 she started as Director of Corporate Development, taking on responsibility for securing Foundation Trust status, which was achieved in 2010, before taking the lead for strategy and business development. Prior to joining Airedale, Ann held a number of senior strategic roles including Executive Director of Service Improvement at West Yorkshire Strategic Health Authority, National Programme Director for the Department of Health Integrated Service Improvement Programme, Programme Director for the West Yorkshire Choice Pilot and Director of Performance Management at Bradford Health Authority. Prior to joining the NHS, Ann worked in the private sector as a public relations consultant managing a range of business to business accounts; and before that worked in Local Authorities and the North of England in a number of marketing related posts.</p>

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

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

The directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

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.torbayandsouthdevon.nhs.uk/

Enhanced Quality Governance Reporting

During the South Devon Healthcare NHS Foundation Trust (SDHFT) acquisition of Torbay and Southern Devon Health and Care NHS Trust an external consultant was commissioned to write an independent accounting firm report that was shared with Monitor. The report covered a number of areas including a report on quality governance and a specific requirement for the Board to sign off a board statement related to Monitor's quality governance framework.

The report contained a description of and commentary on the integrated trust's quality governance arrangements and future plans against each of the ten questions posed by the quality governance framework by reference to good practice as set out in Appendix B14 of Monitor's publication Applying for NHS Foundation Trust Status – Guide for Applicants (July 2010):

The board was satisfied during the year that, to the best of its knowledge and using its own processes (supported by Care Quality Commission information), the Trust had, and will keep in place, effective leadership arrangements for the purpose of monitoring and continually improving the quality of health and social care post integration, including:

- Ensuring required standards are achieved (internal and external).
- Investigating and taking action on substandard performance.
- Planning and managing continuous improvement.
- Identifying, sharing and ensuring delivery of best-practice.
- Identifying and managing risks to quality of care.

This encompasses an assurance that due consideration was given to the quality implications of future plans (including the integration of the two organisations, service redesigns, service developments and cost\continuous improvement plans) and that processes would be in place to monitor their on-going impact on quality and take subsequent action as necessary to ensure quality is maintained.

The basis of the Board of Directors confirmation was set out in the board memorandum, dated 5 August 2015 which was prepared after due and careful enquiry.

The memorandum reflected the quality governance arrangements for the integrated trust post 1 October 2015 for which plans have been drawn up. The Board of Directors confirmed at the time that it was committed to ensuring that these plans were brought into operation and subsequently operated in accordance with the plans.

The Annual Governance Statement provides further information and can be found on pages 59 to 73.

Audit and Assurance Committee

The Trust's Audit and Assurance Committee has met on five occasions during the financial year. The names of the seven non-executive directors and their attendance record at the Audit and Assurance Committee meetings are listed on pages 20 to 21, under Our Board of Directors. The committee has been chaired by a non-executive director, Mr John Brockwell (from 1 April 2012) until February 2016. From February 2016, the Committee is chaired by Sally Taylor. The Trust's chairman and chief executive both have rights of attendance at the Audit and Assurance Committee. 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 2015/16, 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, board governance arrangements, continuous improvement programmes, general controls in respect of the electronic staff record, IT projects: cradle to grave, management of action plans, serious incidents, never events and complaints, review of non-medical prescribers, review of Care Act 2014, data quality – community nursing performance indicator, capital expenditure monitoring and approval follow-up, review of Torbay and Southern Devon Health and Care NHS Trust 400 information governance series, follow-up to clinical assurance care contracts, ISAE3402 third party assurance report in respect of shared business services, absence management, mandatory training performance indicators, personal development reviews, zone review – Totnes and Dartmouth community teams, review of the vanguard (ophthalmology) investment, OrderComms project support, observational reviews for information governance/data protection and review of clinician additional hours. All the reviews were conducted by internal audit using a risk-based approach.

The external auditors who focused on our quality report, internal audit's processes in line with ISA requirements, fraud, financial accounts and gave their opinion over the economy, efficiency and effectiveness with regards to the use of funds as well as non-financial performance in relation to clinical indicators. The external auditor also met with Trust managers and Grant Thornton to discuss findings and review audit working papers in relation to the acquisition of Torbay and Southern Devon Health and Care NHS Trust. No incidences of material fraud were brought to the auditor's attention.

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, and subject to the conduct of the 2015/16 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 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.

Cost Allocation and Charging Guidance

The NHS foundation trust has complied with the cost allocation and charging guidance issued by HM Treasury.

Better Payment Practice Code

The Trust operates the Better Payment Practice Code, details of which are disclosed in the Trust's Annual Accounts (note 6).

Income Disclosures

As disclosed in the Trust's annual accounts (notes 2 and 3), the Trust complies with the need to ensure that income from the provision of goods and services for the purpose of health services in England is greater than its income from the provision of goods and services for any other purpose; Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012). The other income that the Trust receives either fully covers the cost of those services or for income generating activities, profit is directly reinvested into the provision of health and social care.

Remuneration report (audited information)

Salary and pension entitlements of senior managers

	2014-15				2015-16			
Name and Title	Salary and Fees (bands of £5,000) £000	Taxable Benefits (to nearest £100) £	Pension Related Benefits (bands of £2,500) £000	Total (bands of £5,000) £000	Salary and Fees (bands of £5,000) £000	Taxable Benefits (to nearest £100) £	Pension Related Benefits (bands of £2,500) £000	Total (bands of £5,000) £000
Mrs A M McAlinden Chief Executive					195 - 200	100	42.5 – 45.0	235 - 240
Ms P Vasco-Knight Chief Executive	105 - 110	-	-	105 - 110				
Dr J R Lowes Interim Chief Executive (until 31 Mar 2015) Medical Director (1 Apr 15 – 30 Nov 15)	195 - 200	-		195 - 200	125 - 130	-		125 - 130
Mr P Cooper Director of Finance\Deputy Chief Executive	140 - 145	-	47.5 - 50.0	190 - 195	140 - 145	800	7.5 – 10.0	150 - 155
Dr R G Dyer Medical Director (from 1 Dec 2015)					60 - 65	-	42.5 – 45.0	105 - 110
Dr D G Sinclair Interim Medical Director	210 - 215	-	2.5 - 5.0	215 - 220				

Ms L Davenport Chief Operating Officer	55 - 60	-	-	55 - 60	120 – 125	-	85.0 – 87.5	205 - 210
Mr J Harrison Interim Director of Operations	40 - 45	100	-	40 - 45				
Mrs J Viner Chief Nurse	100 - 105	-	30.0 – 32.5	130 - 135	105 – 110	-	72.5 – 75.0	180 - 185
Mrs A Wagner Director of Strategy and Improvement					20 – 25	-	2.5 - 5.0	20 - 25
Mrs A Murphy Director of Workforce and Organisational Development	100 - 105	600	-	105 - 110				
Mr M Ringrose Interim Director of Human Resources	15 - 20	-	70.0 – 72.5	85 - 90	75 – 80	-	115.0 – 117.5	190 - 195
Mrs L Darke Director of Estates and Commercial Development	100 - 105	1,100	-	100 - 105	100 – 105	900	5.0 - 7.5	110 - 115
Sir Richard Ibbotson Chairman	35 - 40	400		35 - 40	40 – 45	300		45 - 50
Mr L M Burnett Non-Executive Director	10 - 15	-		10 - 15	15 – 20	-		15 - 20
Mr D Allen Non-Executive Director	15 - 20	-		15 - 20	10 – 15	-		10 - 15
Mr J Brockwell Non-Executive Director	15 - 20	300		15 - 20	10 – 15	200		10 - 15
Mrs S Taylor Non-Executive Director	10 - 15	200		10 - 15	10 – 15	200		10 - 15

Mr J Furse Non-Executive Director	10 - 15	-		10 - 15	10 – 15	-		10 - 15
Mrs J Lyttle Non-Executive Director	5 - 10	-		5 - 10	10 – 15	-		10 - 15
Mr J Welch Non-Executive Director					5 – 10	-		5 - 10

The Salary and Fees as disclosed above for Dr Lowes and Dr Sinclair includes remuneration in respect of their medical duties. The remuneration in respect of their medical duties received whilst in post as a Senior Manager was as follows; Dr Lowes 2015/16 £75,000 (2014/15 £6,000) and Dr Sinclair 2015/16 £0 (2014/15 £157,000).

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

Dr J R Lowes opted out of the pension scheme from 31 March 2014.

None of the Directors received any annual or long-term performance-related benefits.

Page 34 refers to managers who are paid more than £142,500 per annum (not including pension related benefits).

Remuneration report (audited information)

Salary and pension entitlements of senior managers

Pension benefits

Name and title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2016 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2016 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2015 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Employers Contribution to Stakeholder Pension To nearest £100 £000
Mrs A M McAlinden Chief Executive	2.5 - 5.0	0	0 - 5	0	-	41	41	-
Dr J R Lowes Medical Director								
Mr P Cooper Director of Finance \ Deputy Chief Executive	0 - 2.5	-2.5 to -5.0	40 - 45	120 - 125	705	14	728	-
Dr R G Dyer Interim Medical Director	5.0 - 7.5	17.5 - 20.0	50 - 55	155 - 160	882	156	1,048	-
Ms L Davenport Chief Operating Officer	2.5 - 5.0	10.0 - 12.5	40 - 45	120 - 125	635	83	725	-
Mrs J Viner Chief Nurse	2.5 - 5.0	12.5 - 15.0	40 - 45	125 - 130	770	95	874	-
Mrs A Wagner Director of Strategy and Improvement	0 - 2.5	2.5 - 5.0	35 - 40	105 - 110	678	39	725	-
Mr M Ringrose Interim Director of Human Resources	5.0 - 7.5	15.0 - 17.5	45 - 50	135 - 140	877	134	1,021	-
Mrs L Darke Director of Estates and Commercial Development	0 - 2.5	2.5 - 5.0	30 - 35	90 - 95	537	22	565	-

Dr J R Lowes opted out of the pension scheme from 31 March 2014.

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 and uses common market valuation factors for the start and end of the period.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

Annual Report on Remuneration (unaudited information)

Annual Statement on Remuneration

The role of the Executive Nominations and Remuneration Committee

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

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

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

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

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

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

Membership

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

Membership of the Executive Nominations and Remuneration Committee for 2015/16:

Period 1 April 2015 – 31 March 2016

Member	Meeting date					
	5 Aug 2015	2 Sep 2015	28 Oct 2015 ¹	2 Dec 2015	25 Feb 2016	14 Mar 2016 ²
Sir R Ibbotson*	✓	✓	✓	✓	✓	✓
Mr D Allen**	apol	✓	n/a	✓	✓	✓
Mr J Brockwell	✓	✓	n/a	✓	n/a	n/a
Mr L Burnett	✓	✓	n/a	apol	✓	n/a
Mr J Furse	✓	✓	n/a	✓	✓	✓
Mrs J Lyttle	✓	apol	n/a	✓	✓	n/a
Mrs S Taylor	✓	✓	✓	✓	✓	n/a
Mr J Welch	n/a	n/a	n/a	✓	apol	n/a

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

¹28 October 2015 was the date of the Director of Strategy and Improvement interviews.

²14 March 2016 was the date of the Director of Workforce and Organisational Development interviews.

Senior managers Remuneration Policy

The remuneration package for senior managers is made up of:

Item	Rationale
Salary	<ul style="list-style-type: none"> The Trust strategy and business planning process sets the key business objectives of the Trust which are delivered by the senior managers. This success measure is one of the ways in which the senior managers' performance is monitored. Trust senior managers' remuneration is based on market rates and there is no automatic salary rises. 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 Interim Director of Human Resources, which makes these comparisons between the Trust's remuneration rates for senior managers and market rates. Senior managers are paid spot level salaries rather than on an incremental scale and may collectively receive an annual uplift depending on the decisions taken by the Executive Nominations and Remuneration Committee. All senior managers' remuneration is subject to satisfactory performance of duties in line with their employment. There is no performance related pay so senior managers receive one hundred per cent of their salary subject to the relevant deductions.
Taxable benefits	<ul style="list-style-type: none"> Any taxable benefit is agreed by the Executive Nominations and Remuneration Committee. This forms part of the recruitment and retention of senior managers by ensuring that the Trust remains competitive. There is no maximum amount payable.
Pension	<ul style="list-style-type: none"> Standard pension arrangements are in place in 2015/16. This forms part of the recruitment and retention of senior managers by ensuring that the Trust remains competitive. There is no maximum amount payable.
Bonus	<ul style="list-style-type: none"> There is no bonus scheme for any senior manager in Torbay and South Devon NHS Foundation Trust. The maximum that could be paid is £nil.
Other	<ul style="list-style-type: none"> Individual items such as lease cars are not offered as part of a remuneration package. Board level directors may, however, put forward an individual request in respect of such items. The Executive Nominations and Remuneration Committee also takes note of the annual NHS cost of living increase when applicable. Senior managers' terms and conditions e.g. holidays, pensions, sick pay are in accordance with Agenda for Change terms and conditions.

During the year ending 31 March 2016, four executive directors were paid more than £142,500 as identified by the remuneration report (audited information) on pages 28 to 32. The steps outlined above provides the Executive Nominations and Remuneration Committee with assurance that this remuneration is reasonable.

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.

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 December 2015.

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;
- Chief Nurse;
- Medical Director;
- Director of Finance;
- Director of Strategy and Improvement;
- Chief Operating Officer; and
- Interim Director of Human Resources.

Unless noted above, all of these post holders have been in post throughout 2015/16. There was one resignation in November 2015 as per the executive table above. An interim appointment was held during the year and notified to Monitor. Interim appointments can be made under separate conditions to those members of staff on substantive appointments.

No significant awards have been made to either present or past senior managers within 2015/16.

Chairman and Non-Executive Director Remuneration

Chairman and Non-executive director (NED) remuneration is set by the Non-Executive Director Remuneration Committee as outlined on page 33. On pages 29 to 30, it can be noted that the Chairman and NEDs receive spot level remuneration, but can claim reasonable expenses as per other employees. The NEDs (excluding the Trust chairman), receive baseline remuneration currently set by governors as £13,000 with some NEDs receiving an additional one-off yearly allowance based on particular roles on an annual basis.

The remuneration package for the chairman and other non-executive directors is made up of:

Item	Rationale
Remuneration	<ul style="list-style-type: none">£45,000 per annum for the non-executive Chairman, three days per week. (slight increase from 2014/15 due to integration).
Remuneration	<ul style="list-style-type: none">£13,000 per annum for all other non-executive directors, three days per month (slight increase from 2014/15 due to integration).
Remuneration	<ul style="list-style-type: none">Additional uplift of £3,000 for the chair of the Audit and Assurance Committee (no change from previous years).
Remuneration	<ul style="list-style-type: none">Additional uplift of £1.5k given to the Senior Independent Director (SID*) should remain at £1.5k for 2015/16 (no change from previous years).
Remuneration	<ul style="list-style-type: none">Additional uplift of £1.5k given to the chair (NED) of Torbay Pharmaceuticals should remain at £1.5k for 2015/16 (no change from previous years).
Expenses	<ul style="list-style-type: none">Chairman and non-executive director mileage rates are aligned with latest guidance from the Trust Development Authority (56p for the first 3,500 miles reducing to 20p per mile thereafter). All other expenses remain in line with Trust policy.
Other	<ul style="list-style-type: none">In 2015/16 the Council of Governors agreed no overall uplift for inflation for the Chairman and non-executive directors.There is no annual allowance for the vice chair.

Governor expenses

Governors may be reimbursed for legitimate expenses, incurred in the course of their official duties, as governors of the Torbay and South Devon NHS Foundation Trust. The total amount of expenses claimed by 14 governors (12 in 2014-15) during the year was £3,270.37 (£2,800.25 in 2014/15).

Fair Pay Multiple (audited information)

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 Torbay and South Devon NHS Foundation Trust in the financial year 2015-16 was £190,000 - £195,000 (2014-15, £190,000 - £195,000). This was 8.8 times (2014-15, 8.5) the median remuneration of the workforce, which was £22,254 (2014-15, £22,546).

In 2015-16, 6 (2014-15, 2) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,100 to £287,200 (2014-15, £14,294 - £211,869).

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.

Signed



Mairead McAlinden
Chief Executive

Date: 25 May 2016

Staff Report

An analysis of average staff numbers (audited information)

	Total Number	Permanently Employed	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	450	437	13	440	422	18
Administration and estates	1,193	1,167	26	957	927	30
Healthcare assistants and other support staff	790	630	160	619	493	126
Nursing, midwifery and health visiting staff	1,351	1,266	85	1,104	1,036	68
Scientific, therapeutic and technical staff	828	817	11	692	688	4
Social care	55	54	1	0	0	0
Total staff numbers	4,667	4,371	296	3,812	3,566	246

Staff numbers include directors on service contracts.

The percentage of male and female employees within the Trust is 21.49 per cent male and 78.51per cent female.

The number of Board members as at 31 March was 15; eight males (53 per cent) and seven females (47 per cent).

Exit Packages (audited information)

Staff Exit Packages Paid in Year

	2015-16			2014-15		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1	28	29	-	9	9
£10,000 - £25,000	3	8	11	-	2	2
£25,001 - 50,000	2	12	14	-	-	-
£50,001 - £100,000	1	1	2	-	2	2
£150,001 - £200,000	1	-	1	-	-	-
>£200,000	-	1	1	-	-	-
Total number of exit packages by type	8	50	58	-	13	13
	Value of compulsory redundancies £000	Total value of other exit packages £000	Total value of exit packages £000	Value of compulsory redundancies £000	Total value of other exit packages £000	Total value of exit packages £000
Compulsory redundancy	345	0	345	0	0	0
Contractual payments in lieu of notice	0	710	710	0	208	208
Exit packages following payments following employment tribunals or court orders	0	229	229	0	0	0
Total cost of exit packages	345	939	1,284	0	208	208

The exit packages within the scope of this disclosure include, but are not limited to, those made under nationally-agreed arrangements or local arrangements for which Treasury approval was required.

Sickness Absence Figures for NHS 2013/14, 2014/15 and 2015/16

Year	12 Months Sickness	FTE	FTE Days Available	FTE Days Lost to Sickness Absence	Average Number of Days' Sickness Absence*
2013/14	3.80%	3,475	781,797	29,567	8.5
2014/15	4.20%	3,564	801,801	33,724	9.5
2015/16	3.98%	5,084	1,855,660	73,769	8.9

*per employee

- Period covered: January to December 2014.
- Data items: ESR does not hold details of the planned working/non-working days for employees so days lost and days available are reported based upon a 365-day year. For the Annual Report and Accounts the following figures are used.
- The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.
- The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.
- The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by Average FTE.

Staff Policies and Actions Applied During the Financial Year

All Trust policies are subject to an Equality Impact Assessment to pro-actively tackle discrimination or disadvantage. The Trust is an inclusive organisation, where diversity is valued, respected and built upon, with the ability to recruit and retain a diverse workforce that reflects the community it serves. We are determined to build an organisation that removes barriers that stop our staff working to their full potential.

The Trust is a 'Positive about Disabled People – Two Ticks' Employer. Prospective employees are actively asked about reasonable adjustments prior to interview. The Trust's Employability Policy supports those from traditionally disadvantaged backgrounds to find employment through the work of the Employability Hub (including Project Search and work experience programmes). This supportive and inclusive approach continues throughout employment. The Equality and Diversity Policy, together with a range of HR policies will ensure fair and equal opportunity to education, training and development. Career development is supported from work experience programmes, through Traineeships, Apprenticeships and into substantive employment, utilising the Talent for Care, *Get In* model. For those who may become unwell during their employment, policies are in place to ensure that appropriate support and reasonable adjustments are available wherever possible, with an internal occupational health team available for referrals and advice.

Information is made available to all employees actively and routinely to ensure that no person is excluded, discriminated against or left behind. The Trust uses internal communication strands such as an all-staff bulletin, Executive blogs, and forums to communicate information and opportunities. All staff have equal opportunity to consult on matters that affect them. Employee Network Groups (such as the Disability Awareness and Action Group (DAAG), the Lesbian, Gay, Bisexual, Transgender (LGBT) group, and the Black, Minority Ethnic (BME) group) all have an opportunity to make positive change. In addition, Freedom To Speak Up Guardians and Acceptable Behaviour Advisors are also trained to support and signpost staff accordingly.

Equality and diversity

Equality lies at the heart of what we believe about the NHS and we are determined to build a service that puts patients' and service users' aspirations at its heart, and removes barriers that stop staff working to their full potential. We encourage all staff to live the values of the NHS Constitution to make sure that everyone counts.

Joint Equalities Cooperative

Torbay and South Devon NHS Foundation Trust (TSDFT) and South Devon and Torbay Clinical Commissioning Group (SD&T CCG) have developed a Joint Equalities Cooperative to enhance strategic leadership and governance structures through the relevant Health and Wellbeing Board. The aims of the equality co-operative are to provide high level monitoring and assurance for the development and delivery of mutually agreed *equality objectives* and to report that work into the Health and Wellbeing Boards to inform and potentially influence strategy around health inequalities. The joint approach is one of the first of its kind in the country.

Equality Reference Group

The equality reference group brings together individuals, group representatives and organisations from all sectors of people with protected characteristics and health inequalities. The group supports these groups and provides expertise around teaching and learning, community engagement and specific commissioning projects.

Equality Delivery System (EDS2)

The Equality Delivery System (EDS) is a governance framework, mandated by NHS England in April 2015, originally developed in 2011 by the NHS for use by organisations that commission and provide NHS services. The EDS is designed to support NHS organisations to meet the requirements of section 149 of the Equality Act 2010 – the public sector Equality Duty (PSED). The EDS provides a clear and robust framework, enabling NHS organisations to be transparent about their equality performance. Moreover, the EDS was created to drive improvements, strengthen the accountability of services to those using them, and bring about workplaces free from discrimination.

Workforce Race Equality Standard (WRES)

On 1st April 2015, NHS England launched the Workforce Race Equality Standard (WRES) to tackle barriers that Black and Minority Ethnic (BME) staff may face in the workplace. The Standard aims to ensure that employees from BME backgrounds have equal access to career opportunities and receive fair treatment in the workplace.

Accessible information

NHS England mandated the Accessible Information Standard on 24th June 2015, which applies to all organisations providing NHS or adult social care and such organisations are required to follow the Standard by law. The Accessible Information Standard directs and defines a specific, consistent approach to identifying, recording, flagging, sharing and meeting individuals' information and communication support needs.

The Employability Hub

The Trust is committed to the values of the NHS Constitution, to foster inclusion and encourage staff to recognise difference. As the largest employer in the area, this means that we must use the resources available to us for the benefit of the whole community, and ensure that nobody is excluded, discriminated against or left behind. The Employability Hub does just that: as a vehicle for delivering the Employability Strategy, it utilises the benefits of a large employer to offer work placements/training to people within our community. Its aim is to develop and enhance their skills and confidence and, as a result, they are better equipped to find sustainable employment.

2015 national NHS staff survey

The National NHS Staff Survey 2015 was issued to all staff in October 2015, to seek their views about their jobs and working for the Trust. When the survey closed at the end of November 2015, 2698 staff had taken part, representing a response rate of 46% which is above average for combined acute and community trusts in England.

Summary of key findings

The findings from the survey have been summarised and presented in the form of 32 key findings with an overall indicator of staff engagement.

In comparison to combined acute and community trusts in England, staff responses have rated the Trust as average or above average in 28 out of the 32 key findings.

	2015 Staff Survey
Above the national average	8
Average	20
Below average	4

Areas in which the Trust performed above the national average included;

KF1 - Staff recommendation of the organisation as a place to work or receive treatment
KF5 – Recognition and value of staff by managers and the organisation
KF14 – Staff satisfaction with resourcing and support
KF 15 – Percentage of staff satisfied with opportunities for flexible working patterns.
KF 16 – Lower levels of staff working extra hours
KF18 – Lower levels of staff suffering from work related stress
KF19 – Organisation and management interest in and action on health/wellbeing
KF27 – Percentage of staff reporting incidents of harassment, bullying or abuse, when experienced.

The Trust's overall indicator of staff engagement is measured via a scale summary score from 1 to 5, where 1 represents poorly engaged and 5 represents highly engaged. The Trust's overall indicator of staff engagement is 3.87* which is above (better than) average when compared with trusts of a similar type.

Prior to integration, both South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon NHS Trust shared 4 common areas in which they required further work. It is pleasing to see that the 2015 findings indicate 3 of these areas have improved:- the percentage of staff appraised, the percentage of staff agreeing that their role makes a difference to patients and addressing discrimination at work.

Whilst it is important that we strive to maintain areas of high performance, it is those areas in which we have performed less well that we will need to focus our attention. The survey highlighted 4 principle areas that require further work;

- Percentage of staff feeling pressure in the last 3 months to attend work when feeling unwell. The Trust finding is 65%, compared to a national average of 58%.
- Percentage of staff witnessing harmful errors, near misses or incidents in last month. The Trust's finding of 30% is 1% above the national average and notwithstanding that work needs to be done in this area, it is heartening to see that 91% of staff report incidents once witnessed which is 1% above the national average.
- Fairness and effectiveness of procedures for reporting errors, near misses and incidents. The Trust scale summary of 3.65 is slightly below the average of 3.71.
- Staff confidence and security in reporting unsafe clinical practice. The Trust's scale summary of 3.59 is marginally below the national average of 3.64. Work is already underway to improve upon this key issue and has included the appointment of nine Freedom to Speak Up Guardians and the launch of the 'See something, say something' initiative.

Next steps

Following engagement with key stakeholders, a comprehensive action plan will be developed to address those areas highlighted for development. The implementation of the action plan will be monitored through the Workforce and Organisational Development Group.

Where available, directorates will be provided with local findings from the survey and will be asked to engage with their teams and develop local action plans to address those areas identified for development.

Sustainability

As a caring and considerate environmental neighbour, the Trust has a corporate social responsibility to reduce carbon emissions and increase sustainability. The wider geographical area now covered by the Trust means we have to be innovative to meet targets, yet save money and resources.

Sustainability has become ingrained into all our business practices, from strategic planning and development of the site to purchasing. We strive to ensure that we consider the environmental impact of everything we do, so we constantly review our strategy, and take appropriate action, refocusing our efforts and measuring success against local and national targets.

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

The Trust now encompasses over 30 properties across South Devon from Dartmouth to Dawlish, covering three different Local Authorities and we employ over 6,000 staff.

An environmentally friendly car scheme has been introduced with many of staff taking up the opportunity. Pool cars are available to staff - hybrid or electric. Car parking improvements have been completed following extensive ecological surveys and car

parking modernisation has extended parking bays by approx. 15% which include 2 electric vehicle charging points.

We continue to monitor performance of our recycling levels through stringent key performance indicators (KPI's) that are reported at Board level.

Waste

Although the overall amount of waste produced has once again increased in the last year, the volume of recycling has significantly increased to approximately 10%, which at half the price of sending waste to landfill will generate cost savings for the Trust.

The amount of waste being recycled has increased and there has been a decrease in the landfill waste of approximately 8 per cent, due to a concerted effort across the organisation to improve segregation of waste into appropriate streams. The cost of clinical waste is reducing with the implementation of better segregation of non-hazardous waste to alternative waste streams.

Water

Increased flushing regimes are regularly performed, monitored and reported to provide the Trust with assurance about minimising the likelihood of an occurrence of legionella bacteria.

With the support of South West Water we have established our 'base load' (the minimum amount of water we consume). This has enabled us to understand patterns of use and quickly identify variations, so that we identify leaks and changes and better manage our consumption. This has reduced the Trust costs by approximately £38,000 during the last financial year.

Reducing water consumption will form a key element of the overall sustainability strategy.

Expenditure on Consultancy

Note 4 of the Accounts show the Consultancy spend in year of circa £48k. The expenditure on internal audit for the year 2015-16 was £216,000.

Off payroll engagements

The Trust did not have any off payroll engagements between 1 April 2015 and 31 March 2016 that meets Monitor's guidance.

Non-Compulsory Departure Payments

	2015-16		2014-15	
	Agreements Number	Total value of agreements £000	Agreements Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	23	509	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	26	201	13	208
Exit payments following employment tribunals or court orders	1	229	0	0
Non-contractual payments requiring HMT approval*	0	0	0	0
Total	50	939	13	208
of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	0	0	0	0

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 four incidents (one incident during 2014/15) regarding a data breach to the Information Commissioner during 2015/16. The conclusion of the Information Commissioner's Office (ICO) to its investigation of the incidents was that there was no regulatory action required against the Trust as the incident did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy. Further information can be found on pages 67 - 68.

Any other incidents recorded during 2015/16 were assessed as being of low or little significant risk.

Counter fraud

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

The Trust has support from an independent Local Counter Fraud Specialist (LCFS) to ensure risks are mitigated and systems are resilient to fraud and corruption. During 2015/16 a total of 147 days were provided. The Audit and Assurance Committee receives and approves the counter fraud annual work plan and annual report, monitors counter fraud arrangements at the Trust and reports on progress to the Board.

The Disclosures set out in the NHS Foundation Trust Code of Governance

Local Assurance

The NHS Foundation Trust – background



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

Decision making and responsibilities

The operation, resource management and standards of the NHS foundation trust are the responsibility of the Board of Directors, with day-to-day decisions delegated to management. The main function of the Council of Governors is to work with the Board of Directors to ensure that the Trust acts in a way that is consistent with its constitution and objectives, and to help set the Trust's strategic direction. The Council of Governors is not involved in matters of day-to-day management, but has powers of appointment to the Board of Directors (non-executives) and represents the interests and views of the community (members and public), staff and partner organisations, ensuring these are taken into account in the Trust's forward plans. Governors also have an important, outward-facing role to play with regards to the NHS Foundation Trust membership.

Our Council of Governors

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 2016.

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 (CoG)

Publicly-elected governors (public constituencies)

South Hams and Plymouth (eastern area), 3 representatives: 1,286 members
 Teignbridge Constituency Elected public governors, 7 representatives: 4,295 members
 Torbay Constituency Elected public governors, 7 representatives: 5,904 members

Name	Constituency	Tenure	CoG Attendance
Roy Allison	South Hams and Plymouth	Term ended - 29 Feb 2016	4/4
Christina Carpenter	South Hams and Plymouth	Elected - 01 Mar 2011	4/5
Craig Davidson	South Hams and Plymouth	Elected - 01 Mar 2016	0/0
Anne Harvey	South Hams and Plymouth	Term ended - 29 Feb 2016	4/4
Mary Lewis	South Hams and Plymouth	Elected - 01 Mar 2016	1/1
Terry Bannon	Teignbridge	Elected - 01 Mar 2011	3/5
Carol Day	Teignbridge	Elected - 01 Mar 2013	5/5
Cathy French*	Teignbridge	Elected - 01 Mar 2011	5/5
Alan Hitchcock	Teignbridge	Term ended - 29 Feb 2016	4/4
George Husband	Teignbridge	Stood down - 17 Jul 2015	n/a
Annie Hall	Teignbridge	Elected - 01 Mar 2016	1/1
Barbara Inger	Teignbridge	Elected - 01 Mar 2015	4/5
David Parsons	Teignbridge	Elected - 01 Mar 2016	1/1
Sally Rhodes	Teignbridge	Term ended - 29 Feb 2016	2/4
John Smith	Teignbridge	Elected - 01 Mar 2016	1/1
David Brothwood	Torbay	Term ended - 29 Feb 2016	4/4
Adrian Cunningham	Torbay	Elected - 01 Mar 2016	1/1
Sylvia G-Jones	Torbay	Elected - 01 Mar 2011	4/5
Rick Hillier	Torbay	Term ended - 29 Feb 2016	4/4
Lynne Hookings	Torbay	Elected - 01 Mar 2013	4/5
Wendy Marshfield	Torbay	Elected - 01 Mar 2014	4/5
Andy Proctor	Torbay	Elected - 01 Mar 2016	1/1
Simon Slade	Torbay	Elected - 01 Mar 2015	3/5
Peter Welch	Torbay	Elected - 01 Mar 2015	5/5

*Lead Governor

Staff-elected governors (staff constituency), 6 representatives: 6,000 members)

Name	Class	Tenure	CoG Attendance
Lesley Archer	Clinical (acute)	Elected - 01 Mar 2015	3/5
Diane Gater	Clinical (acute)	Elected - 01 Mar 2015	1/5
Nicola Barker	Community	Elected - 04 Jan 2016	1/1
Carol Gray	Community	Elected - 04 Jan 2016	1/1
Cleo Allen	Non-clinical (acute)	Term ended - 29 Feb 2016	2/4
Helen Wilding	Non-clinical (acute)	Term ended - 29 Feb 2016	0/4

Appointed governors (partner organisations)

Name	Organisation	Tenure	CoG Attendance
Gill Montgomery	Devon Partnership Trust	Appointed - 01 Mar 2007	1/5
Mark Procter	South Devon and Torbay Clinical Commissioning Group	Appointed - 01 Jul 2013	4/5
Rosemary Rowe	Devon County Council	Appointed - 01 Jul 2013	2/5
Sylvia Russell	Teignbridge Council	Appointed - 01 Jun 2013	2/5
Christine Scouler	Torbay Council	Term ended - 07 May 2015	0/1
Julien Parrott	Torbay Council	Appointed - 01 Jun 2015	1/4
Lindsay Ward	South Hams District Council	Term ended - 30 Jun 2015	0/1
Jon Welch	Torbay and Southern Devon Health and Care NHS Trust	Term ended - 30 Sep 2015	2/3
Simon Wright	South Hams District Council	Appointed - 01 Jul 2015	3/5
Vacancy	Carers		
Vacancy	Exeter University		
Vacancy	Plymouth University		

The Council of Governors was chaired by Richard Ibbotson from 1 April 2015 to 31 March 2016. Richard Ibbotson has attended all of the Council of Governors meetings held during the year.

Elections

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

During the last 12 months, elections have been held in November 2015, December 2015 and February 2016.

November 2015 – two new community seats became available following the integration with Torbay and Southern Devon Health and Care NHS Trust on 1 October 2015. Four community-based staff put themselves forward; Nicola Barker and Carol Gray took up their seats from 4 January 2016.

December 2015 – having been a foundation trust for nearly nine years, a number of governors were coming to the end of their nine-year maximum term they could serve in office. Other seats became available where governors had served three-years as governor. 11 publicly-elected seats became available with some governors standing for re-election. Four of the seven Teignbridge constituency seats and three of the seven Torbay constituency seats were contested. There were four candidates for the

Teignbridge seats, five candidates put themselves forward for the Torbay constituency seats and just one candidate put themselves forward for the two seats on offer within the South Hams and Plymouth constituency. Andy Proctor and Adrian Cunningham (both Torbay) took up their seats from 1 March 2016. Lynne Hookings from Torbay was re-elected for a further three-year term. Annie Hall, David Parsons and John Smith are all new governors for Teignbridge and took up their three-year terms from 1 March 2016; Carol Day was also re-elected for another three-year term. Mary Lewis was elected unopposed for the South Hams and Plymouth constituency.

February 2016 – the remaining South Hams and Plymouth seat was contested and Craig Davidson took up his three-year term of office from 1 March 2016.

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

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

Understanding the patient experience

The Trust continues to increase its understanding of what patients, clients, service users, carers, families 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 national surveys and other sources provide important information from those who use our services. We also receive valuable ideas and suggestions from well-established patient and service user groups.

We have continued to harness the knowledge and experience of members of our Foundation Trust., who provide us with useful insight and perspective. Foundation Trust members also sit on important groups such as our Quality Improvement Group and Learning from Complaints Group so that the Trust better understands the patient experience.

The Trust Board recognises the importance of understanding the patient/service user experience and continues to receive a person's story at each Board meeting.

We maintain contact with both Healthwatch organisations and see this as a potentially valuable source of information from local people who use our services and we aim 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 various presentations on items of interest. In February 2016, the Council of Governors held its annual self-assessment session; a review of the previous year and actions being agreed for 2016/17.

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.

In July 2015, the Council of Governors appointed Jon Welch as associate non-executive director from 1 August 2015 (pre-integration) and then non-executive director for three years from 1 October 2015.

In December 2015, the Council of Governors re-appointed Sally Taylor for a further three years.

At the beginning of 2016, two long standing financially experienced non-executive directors came to the end of their term of office having served a number of successful years. An external agency was used to find two new non-executive directors to fill the vacant seats on the Board of Directors. Interviews for the positions were held in February 2016 and the Council of Governors appointed Jacqui Marshall, for the public/voluntary sector position. Unfortunately, no one with financial related skills and experience was recommended for appointment and the search was re-opened. Following a second round of interviews on 13 April 2016, the Council of Governors appointed Robin Sutton, a non-executive director with a financial background, for three years, at their meeting on 20 April 2016.

In the spring (2016), the Nominations Committee and the Senior Independent Director conducted an annual performance review of the Chairman. The Non-Executives' annual performance reviews were conducted by the Chairman of the NHS Foundation Trust and the Council of Governors' lead governor. Reports generated by the reviews are put forward to the Council of Governors.

Non-Executive Director Remuneration Committee

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

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

The meetings are chaired by the lead governor.

All the recommendations for 2015/16 put forward by the Remuneration Committee were agreed by a majority of the Council of Governors in July 2015.

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 2015 totalled 12,115 and 11,485 at the end of March 2016. We estimate that this represents around seven per cent of the households in our catchment area.

The group has adopted the following objectives for 2016/17 and these are annually reviewable:

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

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

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

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

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

Members of the public, living in any of the three public constituencies and aged over 16, are eligible to become members. Our map (see page 46) 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 the NHS Foundation Trust which runs Torbay and a number of community hospitals. Just ring **01803 655705** to register your details (or visit www.torbayandsouthdevon.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.**

Due to the amount of work to bring two trusts together in 2015, it was decided to forgo any medicine for members events during the year. The Trust is planning to run at least one event in 2016/17 so that members can once again attend a presentation from either clinical and/or non-clinical staff. Previous events were very well received and have included topics such as haematology and care of the elderly.

Quality and Compliance Committee

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

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

- governor observers on key committees and groups*;
- governor observer from the Audit and Assurance Committee;
- lead governor;
- staff governor chosen by the staff governors; and
- one other publicly-elected governor.

*Following integration on 1 October 2015, a new governance structure was implemented; further information can be found in the annual governance statement (pages 59 to 73).

It is the Quality and Compliance Committee's responsibility to write the governor statement in the quality report (page 154).

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

The operation of the Trust's key committees and groups, which provide assurance on the quality of services offered across the organisation, includes at each meeting a governor observer. The governor observer's role is to provide evidence that the meeting has considered the appropriate Care Quality Commission (CQC) outcomes as part of their remit. The governor report is shared 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 safety and quality.

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.

Statement of compliance with the code of governance

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

The Board of Directors is committed to high standards of corporate governance. For the year ending 31 March 2016 the Torbay and South Devon NHS Foundation Trust complied with all the provisions of the code of governance.

Regulatory ratings

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

The Trust's Care Quality Commission declaration is reported elsewhere in this annual report – see page 65.

Monitor's regulatory findings

Table of analysis – 2014/15 and 2015/16

	Annual Plan 2015/16	Quarter 1 2015/16	Quarter 2 2015/16	Quarter 3 2015/16	Quarter 4 2015/16
Continuity of service risk rating/financial sustainability risk rating (from quarter two)	2	2	2	2	TBC from Monitor
Governance rating	Green	Green	Green	Green	TBC from Monitor

	Annual Plan 2014/15	Quarter 1 2014/15	Quarter 2 2014/15	Quarter 3 2014/15	Quarter 4 2014/15
Continuity of service risk rating	3	3	3	3	3
Governance rating	Green	Green	Green	Green	Green

Explanation of ratings

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

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

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

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

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

Monitor's oversight of continuity of services/financial sustainability 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 / financial sustainability risk rating – The continuity of services / financial sustainability (from quarter two) risk rating incorporates four common measures of financial robustness and efficiency:

- (i) **liquidity:** days of operating costs held in cash or cash- equivalent forms, including wholly committed lines of credit available for drawdown;
- (ii) **capital servicing capacity:** the degree to which the Trust's generated income covers its financing obligations;
- iii) **income and expenditure (I&E) margin:** the degree to which the Trust is operating at a surplus/deficit; and
- iv) **variance from plan in relation to I&E margin:** variance between the Trust's planned I&E margin in our annual forward plan and our actual I&E margin within the year.

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

There are five rating categories ranging from one, which represents the most serious risk, to four, representing the least risk as per the table below. 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.

Financial Sustainability Risk Rating	Description	Regulatory Activity
4	No evident concerns	None
3	Emerging or minor concern potentially requiring scrutiny	Potential enhanced monitoring
2*	Level of risk is material but stable	Potential enhanced monitoring
2	Material risk	Potential investigation
1	Significant risk	Likely investigation. Potential appointment of contingency team

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) inspections and judgments;
- relevant information from third parties;
- a selection of information chosen to reflect quality governance at the Trust;
- the degree of risk to continuity of services / financial sustainability and other aspects of risk relating to financial governance; and
- any other relevant information.

There are three categories to the governance rating which are:

Green – no governance concern evident or no formal investigation being undertaken.

Under review – 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.gov.uk/government/organisations/monitor

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

2015/16 was a challenging year for Torbay and South Devon NHS Foundation Trust although the organisation achieved continuity of service / financial sustainability risk ratings in line with the annual plan expectations. Compliance with governance targets was maintained, but was challenged throughout the year due to failing to meet both the accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for admitted patients. Both targets were declared as a risk at the beginning of the financial year, but only for some quarters e.g. the Trust declared a risk to the A&E four-hour target in quarter one only, returning to the 95 per cent standard by quarter two. The Trust was placed on more regular reporting for both of these standards throughout the year.

The Trust has responded and performed well during 2015/16 in many areas other areas whilst delivering the financial challenges imposed on all NHS trusts. The Trust reported a year-end position excluding impairments that was below the financial target submitted in its annual plan to Monitor in June 2015.

The financial sustainability and governance risk ratings at the end of March 2016 has yet to be confirmed by Monitor.

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

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

Quarter one 2015/16 – The governance risk rating was in line with our plans with the Trust meeting all healthcare targets and indicators except for two indicators that it had identified as a risk in April 2015; accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for admitted patients. Failing to achieve both targets triggered consideration for further regulatory action by Monitor. The continuity of services risk rating was in line with our annual plan.

Quarter two 2015/16 – The governance risk rating was in line with our plans with the Trust meeting all healthcare targets and indicators except for the A&E four-hour target. Missing the A&E target for the seventh successive quarter triggered consideration for further regulatory action by Monitor. The financial sustainability risk rating was in line with our annual plan.

Quarter three 2015/16 – The Trust's governance risk rating triggered consideration for further regulatory action by Monitor at quarter three due to failing to meet both the A&E four-hour target and 18-weeks in aggregate RTT time for admitted patients. The financial sustainability risk rating remained at two in line with our annual plan, but there was an adjustment downwards in respect of the Trust's year-end financial forecast due to the acquisition of Torbay and Southern Devon Health and Care NHS Trust on 1 October 2015.

Quarter four 2015/16 – At the time of writing this report the quarter four response from Monitor was unavailable.

There have been no formal interventions by Monitor during 2014/15 or 2015/16.

Signed



Mairead McAlinden
Chief Executive

Date: 25 May 2016

Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Torbay and South Devon 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 Torbay and South Devon 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 Torbay and South Devon NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

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

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

Signed



Mairead McAlinden
Chief Executive

Date: 25 May 2016

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 Torbay and South Devon 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 Torbay and South Devon NHS Foundation Trust for the year ended 31 March 2016 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 Group via the Executive Team consisting of three executive directors (chair is the Senior Information Risk Owner), Deputy Director of Nursing and representative owners (Community Health and Social Care, Estates and Facilities Management; Information Management and Technology, Workforce and Finance) supported by the Company Secretary, Risk Officer and Patient Safety Lead. A non-executive director (observer) has been assigned to the Group and is expected to attend at least three meetings during the year. The Risk Group oversees the risk management framework. In addition, the executive directors have in place a process whereby all significant risks to the achievement of service delivery unit and directorate objectives, Monitor governance and compliance requirements and Care Quality Commission regulations are kept under review.

Service delivery unit managers are responsible and accountable to the Chief Operating Officer for the quality of the services that they manage and ensure that any identified risks are placed on the service delivery unit risk register. All such risks are reviewed by the relevant service delivery unit board and any necessary escalation managed in accordance with the risk reporting process.

Service delivery unit and directorate risk management activities are supported by a risk management training programme, usually delivered by the Risk Officer or the Risk 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 The risk and control framework

Risk is managed at all levels of the Trust and is co-ordinated through an integrated governance framework consisting of seven key groups that report to the Executive Team on a regular basis; Safeguarding/Inclusion Group, Quality Improvement Group, Workforce and Organisational Development Group, Capital Infrastructure and Environment Group, Information Management and IT Group, Risk Group and Senior Business Management Group. Prior to integration on 1 October 2015, the Trust used an integrated governance structure consisting of five key workstreams. Having acquired Torbay and Southern Devon Health and Care NHS Trust on 1 October 2015, additional consideration had to be given to new areas such as community health and social care and safeguarding.

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 seven groups referenced above and directorate risk management and assurance registers. Any risk identified by a directorate, service delivery unit or executive lead as likely to impact adversely on organisational objectives, will be taken to either the Executive Team meeting or the Risk Group, whichever is the sooner.

Post integration, the Risk Group reviews the risk and assurance framework on a monthly basis and the Audit and Assurance Committee reviews gaps in assurance throughout the year. The Board of Directors evaluates the board assurance framework at least twice a year 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 management policy. 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 a current risk score of 15 or above will be brought through the exception reporting process via the Executive Team and to the Trust Board of Directors if deemed to be a corporate level risk. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Executive Team 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 lead director, service delivery unit or directorate.

An example of where risk management is integrated into core Trust business is in relation to the quality report. The Trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. The Trust arranged an

engagement meeting early in the New Year to take into account the views of our key stakeholders and governors before agreeing the priority areas for 2015/16. These priorities were then signed off by the Trust board and are managed in accordance with our internal risk management process. An external audit review is undertaken on the quality report during May each year resulting in an independent auditor's limited assurance opinion on the annual quality report that can be found on pages 158 – 161.

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 risk assessment framework; one of which is risk and assurance management.

Locally, there is an opportunity for regular dialogue with our partners in the South Devon health community: for example through the System Resilience Group and the Community Services Transformation Group.

4.2 Major risks

2015/16 was another challenging year for Torbay and South Devon NHS Foundation Trust although the organisation achieved financial sustainability risk ratings in line with the annual plan expectations. Compliance with governance targets was maintained during each quarter, but in their quarterly feedback Monitor made reference to the Trust having failed to meet the accident and emergency (A&E) four-hour target throughout the year. They also referenced the Trust's failure to meet the 18-weeks in aggregate referral to treatment (RTT) time for incomplete pathways in quarters one, three and four, even though a number of actions were initiated during the year. The quarter three governance risk rating from Monitor was green, the quarter four governance rating is not expected until the summer [2016].

A&E Standard

In April 2015, the Trust declared that it would be compliant with the A&E standard in quarters two, three and four. The Trust's performance as at April 2016 remains at variance to the declared Monitor plan.

The Urgent Care System Improvement Plan including safety and quality improvement has been agreed and is being led by the Medical Director, Chief Nurse as well as the operational actions led by the Chief Operating Officer. Following a Care Quality Commission (CQC) inspection in February 2016 and their initial feedback, a range of additional actions have been incorporated into this plan to provide comprehensive assurance on improved performance and give assurance on patient safety. Due to the Winter pressures experienced across the whole of the NHS continuing into the New Year, the full impact of Urgent Care System Improvement plans for sustainable performance of greater than 95 per cent will not be seen until quarter three 2016/17. The Trust continues to report regularly to NHS Improvement/Monitor.

As at 31 March 2016 the integrated care organisation performance which combines the Torbay Hospital (type one department) and the community Minor Injuries Unit (MIU) activity was 85 per cent against a target of 95 per cent. Torbay Hospital performance on its own was 78 per cent. The community MIUs achieved 100 per cent against the four hour standard.

18-weeks in aggregate RTT time for incomplete pathways

The 18-weeks in aggregate RTT time for incomplete pathways was declared as a risk to Monitor at the start of the 2015/16 financial year and remains at risk as at 31 March 2016.

At individual specialty level there has been improvement in ophthalmology with the number of patients over 18 weeks reducing from 428 in February to 293 in March. The reduction is due to an increase in operating capacity, both in house and outsourced, and a recent fall in referrals being added to the operating list following revised criteria being released for thresholds for cataract surgery. Other specialties remain critical to overall delivery with further improvements to be achieved, and are being closely managed.

The Trust has submitted a revised remedial action plan in relation to the under performance against the delivery of the incomplete RTT standard. The plan shows a trajectory of non-compliance beyond 31 March 2016, with compliance being achieved in July 2016. This revised trajectory has been submitted to the Clinical Commissioning Group and will be submitted as part of the Monitor Annual plan for 2016/17.

Continuous Improvement Programme (CIP)

Although the Trust has achieved its financial sustainability risk ratings in line with the annual plan expectations, CIP delivery remains a significant challenge and key risk. The Board has acknowledged that the Trust has not been successful in realising the full extent of CIP plans and a revised plan with more detailed reporting is in place for 2016/17.

Care Quality Commission (CQC) Inspection

Following the CQC's announced inspection between 2 February and 5 February 2016 and the unannounced aspect of the visit on 8 February 2016 to the emergency department and 15 February 2016 on the medical wards, the Trust received official notification outlining possible enforcement action on 1 March 2016. The primary concerns were about the potential risks to safe care of patients in our emergency department during a period of escalation. The Trust produced a response to the letter on 3 March 2016 highlighting the improvements that had already been taken or were being implemented either with immediate effect or within March 2016. One immediate improvement was to review and revise the reporting on the quality and safety indicators to the board and have enhanced the oversight arrangements with our Clinical Commissioning Group (CCG). The delivery of the action plan post 31 March 2016 will be monitored through a governance and reporting process agreed with the CQC, the CCG and National Health Service England (NHSE), and through enhanced internal monitoring including a more detailed report to the Board. Please also refer to section 4.4.

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

In-Year and Future Risks Linked to Strategic Objectives

Objective 1: Safe, Quality Care and Best Experience – we will deliver high quality care that meets best practice standards, is timely, accessible, personalised and compassionate. It will be planned and delivered in partnership with those who need our support and care to maximise their independence and choice.

Objective 2: Improved wellbeing through partnership – we will work with our local partners in the public, private, voluntary and community sectors to tackle the issues that affect the health and wellbeing of our population. We will work in partnership with individuals and communities to support them to take responsibility for their own health and wellbeing. We will be a socially responsible organisation contributing to a better environment.

Objective 3: Valuing our workforce – we will be a great place to work, an employer of choice, an organisation that actively engages with our workforce – paid and unpaid – to effectively communicate, improve and innovate. We will act on both feedback and ideas recognising and showing appreciation of the achievements of our staff.

Objective 4: Well led – we will be a high performing, learning and innovative organisation with clear direction, effective leadership at all levels, managing change well, making best use of our resources, with good systems of governance to deliver our mandate as a Foundation Trust.

Governance Risk Description (strategic objective)	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
Available capital resources are insufficient to fund high risk / high priority infrastructure and equipment requirements (objective 4)	5 / 3	1. High risk elements prioritised in the capital programme. 2. Performance and critical failures reported and monitored monthly. 3. Robust planned preventative maintenance regime in place. 4. Patient environment issues reported to Infection Prevention & Control Committee and Capital Infrastructure and Environment Group. Exception reports to Board via Executive Team. 5. Asset registers and risk assessment in place.	- Delivery against the capital plan agreed by Trust board; - PLACE (Patient-Led Assessments of the Care Environment); - Care Quality Commission (CQC) submissions / assessments.
Failure to achieve key performance standard (objective 1)	5 / 4	1. Urgent Care System Improvement Plan identifying remedial actions for issues within our control in place. 2. Flow Board managing programme of work to improve flow across whole system 3. Weekly 4-hour Recovery Meetings to monitor action plan. 4. Further data analysis to help understand causes and target appropriate responses. 5. Escalation policy in place. 6. 3 x daily control meetings. 7. Action plans for specialties requiring improvement are monitored through the RTT Group and with the local Clinical Commissioning Group.	- Reports from NHS Improvement/Monitor regarding annual risk assessment and quarterly submissions; - Monthly and cumulative performance reviews across the Trust to the Finance, Performance and Investment Committee and Trust board in line with plan; - Outcomes from external reviews e.g. assessments conducted by CQC.
Inability to recruit / retain staff in sufficient number / quality to maintain	4 / 5	1. Medical Workforce Review Group has been established and as part of this will be looking at current supply and demand and actions to address this including attendance at conferences, career 'continuous professional development' events etc. 2. Recruitment updates are reported to Board bi-monthly.	- Staffing levels compliant with national guidance with less reliance on bank/agency staff.

Governance Risk Description (strategic objective)	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
service provision (objective 3)		3. Medical Recruitment is being looked at as part of the Recruitment Strategy.	
Lack of available Care Home / Nursing / Domiciliary Care capacity of the right specification / quality (objective 1)	4 / 4	1. Robust operational plan and procedure in place that manages any care home closures. 2. Financial viability of care homes is being monitored by the commissioners for adult social care. 3. Quality is monitored via QuESST and bi-annual care home visits.	- System wide approach that delivers the stakeholder agreed changes outlined in the integrated care organisation business case.
Failure to achieve financial plan (objective 4)	5 / 4	1. Monthly Finance, Performance & Investment Committee meetings. 2. Monthly Social Care Programme Board meetings. 3. Placed People Oversight Group. 4. Standing Financial Instructions and Scheme of Delegation. 5. Continuous Improvement Programme (CIP) plans. 6. Vacancy control process. 7. Controls on usage of bank staff. 8. All Service Support Units/Directorate managers asked to identify CIP savings.	- Development of plans to release efficiency savings agreed by Trust Board of Directors.
Delayed delivery of ICO care model (objective 4)	5 / 3	1. Clear Communication on Clinical Commissioning Group leadership 2. Open and transparent process following best practice. 3. Early and easily accessible communications. 4. Engagement of the public in the process. 5. Care Model programme is managed through the Care Model Operational Group which reports to the Care Model Executive Group, then through to Senior Business Management Group.	- Implementation of new models of care.
Patients lost from the Follow Up system may not receive required appointments resulting in critical diagnoses being missed (objective 1 and 4)	5 / 3	1. In-depth review of past and present processes. 2. Review all outstanding patient records being undertaken. 3. Issue has been raised at Trust Board.	- Number of patients lost to follow-up is reducing.
Care Quality Commission requirement notice sets out significant	5 / 5	1. Urgent Care System Improvement Plan includes CQC safety measures for time to triage, time to vital signs, Time to first Dr review, sepsis bundle measures. 2. Review of ED safety measures reporting	- Reports from NHS Improvement/Monitor regarding annual risk assessment and quarterly submissions;

Governance Risk Description (strategic objective)	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating Action	Outcome measurement
concerns regarding safe quality care and best experience (objective 1) NB: <i>the risk to achieving the 95% target is covered under the risk titled 'Failure to achieve key performance standard'</i>		process to ensure reports are relevant, accurate and timely. 3. Non-executive director oversight. 4. Overseen by Quality Assurance Committee and Trust Board.	- Quality information/assurance reported to the Quality Assurance Committee, and Trust board.

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

At 31 March 2016, the Foundation Trust remains fully compliant with all CQC registration requirements.

In addition to section 4.2, there were no formal visits undertaken by the CQC during 2015, however, in February 2016, the CQC carried out a comprehensive inspection. The inspection consisted of seven days of announced inspections, visiting all registered locations across the Trust; holding focus groups with our patients, clients, service users and our staff; and holding a series of interviews with individuals and senior staff teams in the organisation. These visits were followed with a series of unannounced and mostly out of hours visits to a number of locations between 8 February and 21 February 2016.

The Trust has received a draft report for this visit in April, with the full publication of the report being planned for June. The Trust does not have any indication as at 25 May 2016 as to what rating the Trust will receive from this inspection.

A very small number of areas of concern have been raised during an informal feedback session with the inspection team, and where required, action plans have been submitted to the CQC. In contrast the CQC identified many areas that would be reported as positive.

Assurance against the CQC requirements continues to be monitored and areas of non-compliance identified through the CQC Assurance Group and the seven groups that report to the Executive Team where lead directors and supporting managers present their

evidence/assurance throughout the year. This process is supported by the CQC Assurance system that collates service delivery unit/departmental self-assessments, which in turn provides the Trust with a dashboard showing areas of compliance, as well as areas for improvement across both acute and community health and social care.

Internal Audit undertakes annual audits on the Trust's CQC assurance systems and processes; the last review was completed in January 2016. Internal audit continues to provide an overall assurance opinion of green/low risk in terms of the design and operation of the controls in place.

Reviews of the Trust's practices, policies, procedures, assurance, monitoring systems and feedback mechanisms are conducted on a regular basis and following a never event.

4.5 Compliance with equality, diversity and human rights legislation

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

The Trust is committed to providing an inclusive and welcoming environment for our patients, clients, service users, carers, families and staff and is working hard to mainstream equality, diversity and human rights into our culture.

Performance is monitored via the equality, diversity and human rights (Equalities) Co-operative who report to the Executive Team via the Safeguarding/Inclusion Group. The meeting takes place three times per year to review and report progress on the implementation and development of member organisations' (Trust, local Clinical Commissioning Group, Devon and Torbay Health and Wellbeing Boards) equalities agenda across commissioning, service provision, procurement of goods and engagement with our patients, clients, service users, staff and local community.

The aims of the equality co-operative are two-fold i) to provide high level monitoring and assurance for the development and delivery of mutually agreed equality objectives and ii) to report that work into the health and wellbeing boards to inform and potentially influence strategy around health inequalities.

The Trust Board of Directors receives bi-monthly reports on equality and diversity issues from the Interim Director of Human Resources. These include any updates or changes in national mandates together with any risks or challenges. An annual Equalities Report is presented to the Board for ratification prior to publication. The primary aim of this report is to evidence compliance with the outcomes set out in the Equality Delivery System.

The Trust has an Equalities Strategy, supported by an action plan which is updated annually and is reported via the Safeguarding / Inclusion Group to the Trust Board of Directors. The Trust recently reviewed and updated the action plan with any on-going actions being carried forward into 2016/17.

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

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

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

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

There is an approved sustainable development management plan, approved at Board level, that accompanies the sustainability strategy. This is reviewed each year to ensure that the Trust fulfils its commitment to consider sustainability while providing high-quality health and social care. Progress against this plan is monitored and reported by the Capital Infrastructure and Environment Group through to the Executive Team.

4.7 Compliance with the NHS litigation authority

The NHS Litigation Authority (NHSLA) forms an opinion based on the number of claims made and levels of payments. For NHS foundation trusts within the NHSLA clinical negligence scheme, all claims are recognised in the accounts of the NHSLA. Consequently, the NHS Foundation Trust will have no provision for clinical negligence claims. The NHSLA will provide a schedule showing the claims recognised in the books of the NHSLA on behalf of the NHS Foundation Trust. This will be disclosed at the foot of the main provisions table.

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. During the period 1 April 2015 to 31 March 2016 the following breaches of confidentiality or data loss were recorded by the Trust which required further reporting to the Information Commissioner's Office and other statutory bodies.

Date of Incident	Nature of Incident	Summary of Incident	Outcome and Recommendations
23-Apr-15	Unauthorised Access	Member of staff accessed the record of a patient not involved in their direct medical care.	A full investigation was undertaken and the outcome of which resulted in a final written warning for the employee.
15-Jun-15	Information disclosed in Error	Patient received the medical records of another patient.	A full investigation was undertaken and a technical solution has been implemented to reduce the risk of an occurrence.

21-Aug-15	Information disclosed in Error	Patient received the medical records of another patient.	A full investigation was undertaken and it was identified that a change in process was required; This change has been adopted by the department.
17-Sep-15	Unauthorised Access / Disclosure	A member of staff accidentally sent too much data via an insecure email account to the Devon Local Medical Committee (LMC). Upon receipt the LMC staff member realised there was a backing sheet to the summary information which contained some detailed data.	A full investigation was undertaken and the outcome of which resulted in changes to the way information is provided by the Trusts' Information Team to internal staff.

The conclusion of the Information Commissioner's Office to its investigation of the above incidents was that there was no regulatory action required against the Trust as the incidents did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy.

Any other incidents recorded during 2015/16 were assessed as being of low or little significant risk. In accordance with the 2015/16 Monitor risk assessment framework, the Trust was able to declare level two compliance against the information governance toolkit requirements by 31 March 2016. A new action plan will be created to deliver improvements against the 2016/17 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

In September 2015 the Information Commissioner's Office was invited to the Trust to carry out one of their regular support audits. Following pre-audit discussions with the Trust, it was agreed that the audit would focus on data protection governance, records management (manual and electronic) and data sharing. The auditors made a number of recommendations and gave the Trust an amber rating (limited assurance), primarily around enhancing existing processes to facilitate compliance with the Data Protection Act. A detailed action plan has been created and is monitored and implemented by the Information Governance Steering Group.

4.9 Annual quality report

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

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

Clinicians have approved the data included in the quality report. The Data Assurance Group (previously known as the Data Quality Group) creates local standards and procedures to achieve appropriate external benchmarks for data quality. The terms of reference for this new group are in the process of being finalised. The quality report has been provided to the Health Scrutiny Board of Torbay Council, lead commissioner, Healthwatch and to Trust governors for comment.

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

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

In respect of the quality and accuracy of cancer – 31-day wait for second or subsequent treatment – drug, cancer – 62-day wait for first treatment – from consultant screening service referral and cancelled patients not treated within 28 days of cancellation, a draft internal audit report has been written and the final report is expected in May 2016. Embedded in the performance management processes are weekly meetings designed to challenge data quality, especially in relation to waiting list management of elective pathways. As mentioned above, the Trust has a range of information systems in place designed to capture data for use in patient care, financial management and the measurement of both local and national performance. The accuracy and consistency of this data is monitored through a range of activities and will be overseen by the Trust's Information Management and IT Group and Information Assurance Group.

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

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

- Clear processes for setting, agreeing and implementing strategic objectives based on the needs of the local population, reflecting the priorities of key partners and the Department of Health. This includes a clear strategy for patient, client, service users, carers and public involvement as well as the Trust's 12,000 Foundation Trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes.
- Clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of health and social care 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. An audit review of

governance is underway and the review of the performance management framework is being undertaken by the Director of Strategy and Improvement together with a review of performance from front-line to reporting Committees and Board.

- Through the Finance, Performance and Investment Committee, the Trust has robust arrangements for planning and managing financial and other resources in place. The Trust submitted a normalised deficit plan of £7.4 million for 2015/16 at the beginning of the financial year. Following the acquisition of Torbay and Southern Devon Health and Care NHS Trust on 1 October 2015 the plan was subsequently revised to a deficit of £8.9 million based on the forecast at that time to the end of the year. The final position for the year is £9.3 million deficit excluding technical adjustments and impairments. The Continuous Improvement Programme (CIP) target based on merger accounting was £15.3 million of which £13.1 million has been delivered in this financial year, of which £3 million was delivered recurrently.
- The Trust uses Dr Foster and other benchmarking tools such as the NHS productivity metrics to demonstrate the delivery of value for money. The Trust continues to develop its service line reporting data to ensure services are being provided as efficiently as possible and any surpluses generated by the Trust are reinvested back into patient care. For procurement of non-pay related items the Trust has a clear procurement strategy and collaborates with other NHS bodies to maximise value through the NHS South West Peninsular Procurement Alliance.

6.0 Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit and Assurance Committee, Quality Assurance Committee and Risk 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.
- **Quality Assurance Committee** – The Committee monitors, reviews and reports on the quality (safest care, effectiveness of care, best experience) of clinical and social care services provided by the Trust. This includes a review of i) the systems in place to ensure the delivery of safe, high quality, person-centred care ii) quality indicators flagged as of concern through escalation reporting or as requested by the Trust Board

iii) progress in implementing action plans to address shortcomings in the quality of services, should they be identified.

- **Finance, Performance and Investment Committee** - The Committee undertakes on behalf of the Trust Board objective scrutiny of the Trust's financial plans, investment policy and major investment decisions providing assurance to the Trust board on the development and implementation of the Trust's long-term strategy and ensures effective management on all issues of major risk in relation to the business and performance of the Trust.
- Seven groups reporting to the Executive Team:
 - i. **Safeguarding / Inclusion Group** – Ensures the Trust is meeting the statutory obligations as set out in section 11 of the Children's Act and that the Trust is meeting its obligations to safeguard vulnerable adults as a delegated responsibility from Torbay Council. This includes safeguarding service users across the health and social care sectors wherever they are located in line with the Association of the Director of Social Services (ADASS) standards. The lead director for this group is Chief Nurse.
 - ii. **Quality Improvement Group** – The Group focuses on service quality and improvement for patients and users of Trust services and provides assurance on three components of quality defined as safety, effectiveness and best experience. The Group is structured around the four pillars of quality:
 1. Strategy
 2. Capability and Culture
 3. Process and structures
 4. MeasurementThe lead director for this group is the Medical Director.
 - iii. **Workforce and Organisational Development Group** – Ensures the delivery of the workforce strategy, workforce planning and development, staff engagement and wellbeing, inductions and mandatory training. The lead director for this group is the Interim Director of Human Resources.
 - iv. **Capital Infrastructure and Environment Group** - Oversees the maintenance of the safety and development of the Trust's estates and facilities management, ensuring that the key risks are prioritised and addressed through the capital programme. The Group oversees the implementation of approved strategies related to the environment, energy and carbon reduction and emergency preparedness. The lead director for this group is the Director of Estates and Commercial Development.
 - v. **Information Management and IT (IM&T) Group** - Leads the development and implementation of the IM&T strategy. Ensures arrangements are in place to assess and deliver benefits of innovative information technology and information for use in decision making. The lead director for this group is the Director of Strategy and Improvement.
 - vi. **Risk Group** – Reviews and make recommendations on all major risks to the organisation and supports the development of the Trust's long term strategy and implementation of the risk management and assurance framework. The lead director for this group is the Director of Finance.

- vii. **Senior Business Management Group** - Oversees the development and delivery of the Trust annual business plan including support services strategies and ensures compliance with agreed standards of quality, delivery of performance standards and the financial plan via the four (Community, Medicine, Surgical, Women's Children's Diagnostics and Therapies) service delivery units. The lead director for this group is the Chief Operating Officer.

Each lead director is responsible for escalating issues to the Executive Team and Board Committees.

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 committees/groups and the Board of Directors to confirm that they are working effectively in practice.

The Board of Directors of the new integrated care organisation remains committed to frequent testing of the risk management \ governance systems and processes and recognises that regular reviews and actions will lead to continuous improvement.

My review is also informed by:

- The work conducted by the external auditors who focused on our quality report, internal audit's processes in line with ISA requirements, fraud, financial accounts and gave their opinion over the economy, efficiency and effectiveness with regards to the use of funds as well as non-financial performance in relation to clinical indicators. The external auditor also met with Trust managers and Grant Thornton to discuss findings and review audit working papers in relation to the acquisition of Torbay and Southern Devon Health and Care NHS Trust.
- Internal audit, who have conducted reviews against the care quality commission regulations, board governance arrangements, continuous improvement programmes, general controls in respect of the electronic staff record, IT projects: cradle to grave, management of action plans, serious incidents, never events and complaints, review of non-medical prescribers, review of Care Act 2014, data quality – community nursing performance indicator, capital expenditure monitoring and approval follow-up, review of Torbay and Southern Devon Health and Care NHS Trust 400 information governance series, follow-up to clinical assurance care contracts, ISAE3402 third party assurance report in respect of shared business services, absence management, mandatory training performance indicators, personal development reviews, zone review – Totnes and Dartmouth community teams, review of the vanguard (ophthalmology) investment, OrderComms project support, observational reviews for information governance/data protection, review of clinician additional hours and risk management and development of the corporate risk register. Internal audit reviews are conducted using a risk based approach and in addition they have annual reviews of the trust's risk management and board assurance framework. As part of internal audits continued support with the integration process with Torbay and Southern Devon Health and Care NHS Trust, internal audit attended a number of meetings to monitor and input, where appropriate, on the progress toward the integration date of 1 October 2015.
- 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

A handwritten signature in black ink, appearing to read 'Mairead McAlinden', written in a cursive style.

Mairead McAlinden
Chief Executive

Date: 25 May 2016

Further information

To see our annual reports and accounts:

- You can look on our website at www.torbayandsouthdevon.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.torbayandsouthdevon.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 t-sd.infogov@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 members meeting of the Council of Governors which takes place in September.
- Contact: chairman's office, on 01803 655705 or email foundationtrust.tsdf@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.tsdf@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.tsdf@nhs.net
- Experience and Engagement Lead, on 01803 654850.
- League of Friends, on 01803 654520, www.lof.co.uk
- Torbay and South Devon NHS 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 Bay House, on 01803 210500.

To complain, seek advice or information about aspects of your care

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

Contact: Telephone: 01803 655838 | Free phone: 0800 028 20 37 | Email:

pals.sdhct@nhs.net | SMS: 07789 864196

To access your health records

An application form can be obtained for records held by Torbay and South Devon NHS Foundation Trust. 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 on 01803 656753.
- For work experience placements, contact 01803 656683. Email: sdhct-workexperience@nhs.net

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 health and social care environment.

- Contact: South Devon Healthcare Arts, on 01803 656908.

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

Part III: Quality Report for 2015/16

What is the Quality Report and why is it important to you?

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

Our 2015/16 Quality Report is an annual report which shows:

- How we have performed over the last year against the quality improvement priorities which we laid out in our 2015/16 Quality Report.
- The 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 (2016/17).

If you would like to know more about the quality of services that are delivered at the Trust, further information is available on our website www.torbayandsouthdevon.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 equality and diversity team on 01803 656680.

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 655690.

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Part 1: Introduction and statement of quality from the chief executive



2015 was a particularly exciting year, as on 1st October we launched our integrated care organisation bringing together South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon Health and Care Trust into a new Trust – Torbay and South Devon NHS Foundation Trust. A fundamental principle in establishing our new Trust is the commitment to safe, high quality care and the best possible experience for people who need our health and social care.

Our aspirations are high. Our vision is a community where we are all supported and empowered to be as well and as independent as possible, able to manage our own health and wellbeing, in our own homes. When we need care we have choice about how our needs are met, only having to tell our story once.

In the current financial climate, all public sector services are grappling with how to meet the increasing, and increasingly complex, needs of a changing population with the limitations on funding. We believe the best way to secure sustainable, effective and high quality services is through delivering our new care model. This means a significant change in how we deliver care and will take time to achieve – at least three years.

Since October, we have started to put in place some of the foundations on which our future model of care will be based. We have engaged with our staff to design our locality model for integrated care closer to home, and are working with our GPs on how we co-locate and work better together at local level. We have engaged with the voluntary and private sectors to talk about their contribution to local care and how we can support more joined up working. We are now supporting our Clinical Commissioning Group in a public consultation about the exact shape and location of clinical hubs for more specialist services, community bed based care and Minor Injury Services in each of our five localities. Over the next year we will see these changes taking place.

Our greatest challenge over the past 12 months has been in providing timely urgent care services, particularly the responsiveness of our Emergency Department and the efficient flow of patients through our hospitals. These pressures, coupled with some recruitment challenges, have affected performance in some areas of planned care. We know that our staff are working as hard as they can under real pressure, and we are sorry that some people are having to wait longer for their treatment than we would like, which can at times result in a poor experience of care.

At every level in the Trust we are committed to improving this performance and many initiatives are already making a difference - we have opened an Acute Medical Unit, which has helped us to reduce overcrowding in the Emergency Department and improve the overall experience for urgent patients referred to Torbay Hospital for expert advice by their GP. We have also extended the use of our short stay Paediatric Assessment Unit to include weekends, providing an alternative to the Emergency Department when clinically appropriate. Additional staff are being recruited to enable this to be consolidated.

When the Care Quality Commission visited us in February 2016, inspectors witnessed the challenges we were facing. They asked us for an action plan identifying how we would address the issues in our Emergency Department to ensure that concerns were

addressed. They were satisfied with the action plan we produced. We are now working hard to implement all the service changes that will enable us to improve the patient experience in the Emergency Department. At the time of writing, the Care Quality Commission had not published its inspection report, but the Emergency Department will remain a priority area for us during 2016/17.

Other quality priorities for us in the coming year are to fully integrate our stroke service to move closer towards the national standards for excellent care and thus improve patient outcomes, to strengthen our organisational learning from complaints, and to improve our communication with patients, carers and service users. Good communication is vital to delivering great care and will underpin our new care model and the changes to the way we deliver services in the future.

This report provides information on progress against our quality targets for the past year, and sets out our quality improvement priorities and plans for 2016/17.

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

Signed

A handwritten signature in black ink, appearing to read 'Mairead McAlinden', written in a cursive style.

Mairead McAlinden
Chief Executive

Date: 25 May 2016

Part 2: Priorities for improvement

Looking back: 2015/16

In our 2014/15 Quality Account we reported that we would focus on five priority areas for quality improvement in the period 2015/16. These were all locally agreed priorities based on national best practice and best clinical evidence.

Patient safety

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

During a patient's stay, it is often necessary to transfer the care of that patient to another ward, to a care agency or another hospital to continue their care.

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

We set ourselves the goal of creating and testing a 'transfer of care bundle' with direct patient/carer involvement. This is part of a three year transfers of care initiative ensuring that any transfer is understandable for everyone involved, it is timely and completed successfully every time.

Individual objectives for the first year included:

- Understanding the volume, complexity and scope of transfers within the health and care community and the issues that affect the transfer.
- Ensuring patient, relative and carer involvement in the design.
- Designing a 'transfer of care bundle' and testing extensively to inform future changes.
- Ensuring the whole team is involved in the transfers of care bundle development and implementation.

The project started with senior nursing staff across acute, community hospitals and community teams setting out to understand what should 'always' happen for a good transfer of care. Their clinical improvement group forum was then used to develop this work.

Initially a transfers of care bundle was developed and a 'plan, do, study, act' approach was taken to test this out across a range of settings.

The bundle included identifying key information requirements about the transfer including:

- ✓ name,
- ✓ reason for transfer,
- ✓ patient informed of transfer
- ✓ planned time of transfer,
- ✓ next of kin informed,
- ✓ medication/equipment (sourced or informed location of)
- ✓ care needs in first 36 hours post transfer.

Patient groups including the Engagement & Experience Committee and a community hospital patient forum were asked to contribute to and review the proposed bundle.

Feedback from the above areas demonstrated that some of the information being gathered was duplicating clinical handover information already being collected by clinical staff.

Further discussion at the clinical improvement group also identified the same duplication of information with handover. The group felt that the aim of understanding what is important to patients, families and carers at the point of transfer needed more focus. As a result of this, the clinical improvement group designed a patient experience survey. A simple feedback sheet with two questions was agreed:

- What went well with the transfer?
- What would have made the transfer better?

The patient survey was distributed to 100 patients. The number of patients who completed the survey was 76 (response rate 76%) and there were two main problems identified from the feedback:

- Too much time waiting for patient transport for transfer to take place.
- Too many drop off stops made during the transport journey.

Surprisingly, patients commented that they had no concerns around communication between NHS staff and families/carers or around medications, equipment and any special requirements.

The information requirements to enable a successful transfer of care were passed to another Trust project group which is looking at improving clinical handover using information technology. The IT system purchased is called Nerve Centre and the project scope of the group and IT system has been extended to include transfers of care.

With regards to the patient transport comments this has been fed back to the patient transport team and they are reviewing this information with the aim of undertaking an improvement project in 2016/17.

The transfers of care project is now awaiting the launch of Nerve Centre. This is due to start on three wards during May 2016. The project lead for transfers of care is now part of the Nerve Centre project group.

Year two will focus on rolling out Nerve Centre onto all the wards in Torbay Hospital.

Clinical effectiveness

Priority 2: improve multi-agency working across Torbay and South Devon through developing and extending the existing multi-disciplinary teams working across the community.

The needs of people living in Torbay and South Devon has changed and our local care services need to change too. As part of creating one integrated care organisation, we have developed a new model of care which includes the formation of five health and wellbeing teams. The teams will provide care in the community to local people. The health and wellbeing teams comprise our community health and social care professionals integrated with other agencies such as volunteers, housing officers and mental health professionals. By collectively working together we will offer better health promotion, illness prevention, treatment and rehabilitation services to people in Torbay and South Devon.

The new care model is very different to the way we have provided services in the past. We are moving away from reactive, bed based services to preventive and proactive services with more care at home. Importantly this means that additional investment will be made into community teams to help look after people in their own homes. People tell us that the 'best bed is their own bed' and so we want to move resources into the community where people can receive as much local care as possible and use hospital beds only where it is appropriate.

In our 2015/16 Quality Account we set ourselves a range of objectives including:

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

Our progress since the integration has been both challenging and rewarding.

We have now established five health and wellbeing teams across our five localities which cover Torbay and South Devon. These are:

- Moor to Sea
- Coastal
- Newton Abbot
- Paignton & Brixham
- Torquay



The bringing together of the acute and community services has removed organisational barriers and has resulted in us forging closer links between our community teams, GPs and clinical specialists in Torbay Hospital. We have also been working with our teams to consider how we best support different professions to work together in a more integrated, multi-disciplinary way to provide seamless and holistic care to people

In the Torquay locality we have developed an enhanced model of intermediate care working in an integrated way with GP and pharmacy colleagues to support individuals with very complex needs, outside of hospital.

We have also designed a new service for people with multiple long-term conditions, which offers a 'one stop shop' approach in the community which works closely with GPs and clinical specialists. This means access to advice, support and monitoring from a team comprising of a doctor, specialist nurse and wellbeing coordinator, in a community setting. The team can support people with a wide range of conditions. This means that people will no-longer have to attend lots of different outpatient clinics, often travelling significant distances. We will begin implementing this service firstly in the Coastal and Brixham & Paignton locality in summer 2016.

Another change we plan to implement in the summer 2016 is the introduction of wellbeing coordinators employed by our voluntary sectors partners. This is a new role which aims to support people in identifying ways which support their whole wellbeing, not just their health and care needs.

This could include finding activities or groups in the local community which a person could connect in to, in order to feel less lonely, or to do activities they enjoy and improve their well-being. It could also mean helping people to find peer support, make lifestyle changes or learn about self-management of a long-term condition. We have been working closely with our voluntary sector partners in both Torbay and South Devon to design the new service, as we know that voluntary sector and local community organisations will be key to providing some of the answers which meet people's wider needs in this way.

The coordinators will be employed by the voluntary sector, but will be part of the multi-disciplinary teams within all of our localities. They will help to not only support individuals in improving their wellbeing, but also to build closer links with community organisations and identify where there is unfulfilled need in the local area, so that services can be

developed to meet it. They will also be able to challenge our ways of working and help to build stronger links between our teams and the voluntary sector.

Aside from continuing to develop and implement these changes over the course of 2016, we also intend to work in a more joined up way with other organisations, who provide services which support the wellbeing of the local population. This includes local housing officers, the police and the fire service. Early conversations are taking place to understand what this could mean. We have already made good progress in doing this with our voluntary sector partners, as the implementation of the wellbeing coordinators demonstrates.

We are also working collaboratively with Plymouth University in order to understand how we can best measure and evaluate the broad range of changes we are making. This won't just include measures about who accesses our services, where, and how frequently. It will also include important measures such as patient experience, people's confidence to manage their own health and care, and whether more seamless care is being delivered.

2015/16 has been a challenging year to move at pace. We have spent time building the basic infrastructure of the health and wellbeing teams and engaging with our communities to ensure there is continuous conversation about how future services are developed. In 2016/17 we will continue to consult with communities and increase the pace of change making real differences to the services available to people and their families.

Priority 3: create a reliable and consistent ambulatory emergency care service available seven days a week for patients

Over the last 12 months the Trust has been developing an ambulatory emergency care service with the ultimate aim of being able to provide a consistent service seven days a week.

Individual objectives for the project included:

- Providing an ambulatory emergency care unit comprising eight chairs and four trolleys within two bays on an emergency assessment unit that will be open seven days a week.
- Reducing the proportion of medical patients requiring an overnight stay when safe and appropriate to do so.
- Improving the experience of emergency care for medical patients seen within the ambulatory emergency care unit.
- Reducing the number of people needing a hospital bed who have an ambulatory sensitive condition e.g. cellulitis.
- Contributing to an improvement in patient flow through the emergency department as measured by achievement against the four hour standard

In spring 2015 an Acute Medical Unit (AMU) which incorporated ambulatory emergency care was opened on one half of EAU 4, one of our two emergency assessment wards. The unit was created by removing 10 beds from two bays and two side rooms and

creating 12 patient spaces typically occupied by eight chairs and four trolleys with the two side rooms utilised as consultation and assessment space.

The unit was operational 24 hours a day seven-days a week and took both GP referred medical patients and medical patients referred from the emergency department.

The unit had an immediate positive impact on improving patient flow and reducing overcrowding in the emergency department. Whilst the positive impact on flow and the four hour target was not sustained for many complex reasons, feedback from the emergency department team and patients remained positive.

Other things that went well included:

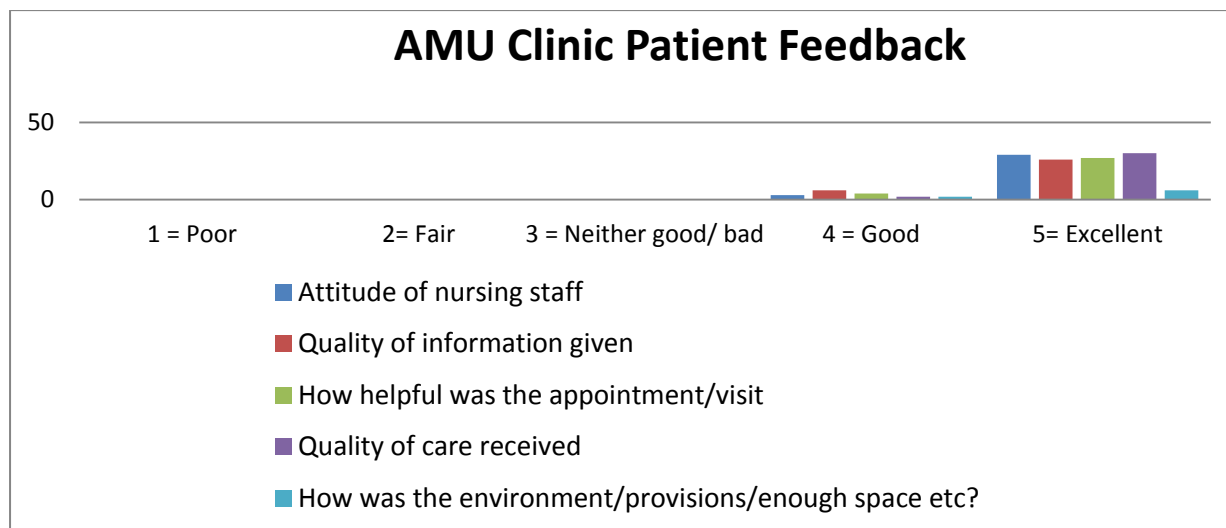
- ✓ Huge commitment, enthusiasm and engagement from the nursing and medical workforces.
- ✓ Support from radiology and labs (for x-rays and test results) and portering.
- ✓ Doctors and nurses reported that they believed it provided safer patient care because medical patients requiring a consultant review were being managed in a single space.
- ✓ More efficient and effective use of our doctors; particularly the acute medicine and on-call teams, as a result of working in one area.

Early on into the project we realised that we had not clearly communicated to patients about the time people may need to wait and how the unit operated. A patient information leaflet was designed and all team members greeted people attending with clear communication about how long they should expect to be on the unit.

Other challenges which were less easy to overcome included:

- It was difficult to maintain chairs and trolleys in the ambulatory area when the Trust has a high number of admissions. The space would be used for hospital beds.
- The environment did not support the maintenance of people's privacy and dignity.
- There was very little space and no waiting area; people frequently attended supported by friends or relatives.
- The unit worked most efficiently when there was a dedicated Acute Physician; this was not always possible due to a very small team and an inability to recruit.
- It was really difficult to effectively measure what we were doing because we didn't have an effective way to monitor the changes from beds to chairs/trolleys.

From setting up the unit over the year we learnt that patient feedback was predominantly good. A sample of patient feedback for October is shown in the chart.

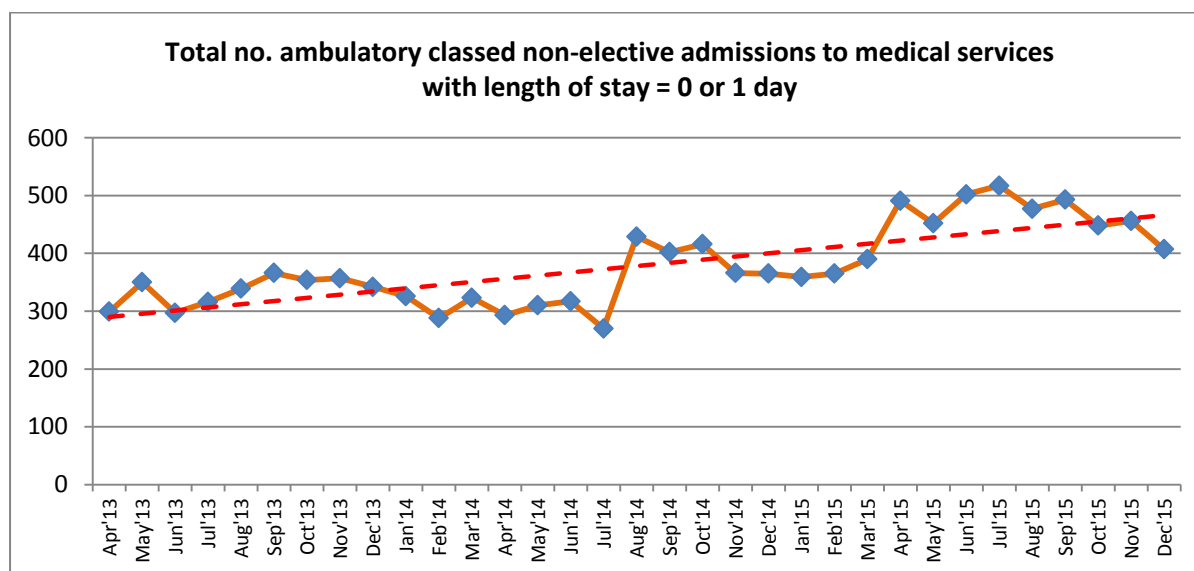


Comments from patients included:

“Really impressed by care and attentiveness of staff and very quick assessment/turn around”

“This was my first experience of EAU4 having been sent here by my GP. I found it a more effective system rather than spending hours at A&E. The staff were very attentive and kept me informed at every stage. I was assessed and had the necessary tests really quickly. Thank you all who helped me today”

The impact on the overall utilisation of beds in Torbay Hospital by people with ambulatory care sensitive conditions was slight.



Between April and September there was an increase in the number of patients not staying overnight and in the number just staying one night, followed by a decrease between October and December 2015. This coincided with a prolonged period when the unit was frequently converted to beds overnight and the unit was therefore shut to ambulatory care.

Overall the new unit was seen as a positive step with the potential to support the management of patient care in a way that provided a better patient experience whilst having a positive impact on patient flow through the Emergency Department and the wider health and care system. Its limiting factor was seen to be the inability to keep the unit open consistently.

In recognition of the potential for improving patient care, reducing the number of admissions and increasing flow through the hospital, the Trust Executive made a commitment towards providing a dedicated space for an acute medical unit which could not be used for other purposes.

On 21st March 2016 the acute medical unit moved to level 2, a floor below where it was previously located and immediately below the Emergency Department. It is within 100 metres of a main hospital entrance providing easy access to patients and ambulance crew. It has a dedicated waiting area within the unit and seven rooms for assessment and treatment, ensuring privacy and dignity for all patients.

Currently the unit is only open Monday-Friday 09:00-21:00 pending recruitment and there is an ambition to open the unit seven days a week, when the trust has the right workforce numbers.

This separate location has also created the opportunity to support a pathway for patients clinically identified as frail who require a holistic assessment and care planning.

Since opening the Unit in March the feedback has been positive and the teams are working with GPs to ensure the right medical patients with an urgent care problem are seen in the acute medical unit.

Patient Experience

Priority 4: establish a single point of contact for people to access community based health and social care services in Torbay

The range of services on offer to our communities is broad, which means that individuals often find it difficult to 'navigate' the health and care system in order to access the information, advice and support they need in a timely way. We know that this needs to be simpler and faster in order to ensure we can deliver the right care, in the right place and at the right time.

People in Torbay and South Devon should have clarity about where and how they contact us so they only tell their story once to us. Our community should have a single telephone point of contact as a place of entry into our services. Our response should always be prompt and customer focused and the number of hand-over points through any individual's journey should be kept to the minimum.

To this end we set ourselves a number of objectives in 2015/16 to move towards a single point of contact across Torbay and South Devon.

We said we would:

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

Within Torbay we ran one pilot over two sites (Torquay, Paignton & Brixham) to look at improving and better co-coordinating our response to calls and initial contacts from the public so they have a common and standard experience.

We focused on changing the demand for services through increased signposting to alternative services, more telephone assessments and one off visits. The aim was to improve our responsiveness to any problems. From the pilot we found that 70% of work could be resolved over the phone within twenty four hours of the initial contact and 30% of calls still needed to be referred onto assessment teams who support people with longer term needs.

We also set up a new online directory of services alongside running the two pilots. The directory is managed by Torbay Community Development Trust and is now available to the public on the internet at: www.torbayorb.com. The orb provides, in a single place, access to a wealth of information about health, social care and wellbeing services available to people living and working in Torbay.

From the pilot work we are now in the process of setting up one Single Point of Telephony Contact. The planned go live date for the new service with a single telephone number is June 2016.

We recognise that we do need to do build into the implementation plan a system to formally collect feedback from both staff and service users. The pilot period evolved over a period of time and was refined through operational learning over some months. Therefore it was not technically possible to measure an evolving set of changes in a definitive fashion. However we did note empirically an improvement in telephone answer response times in Torquay. We will develop a communication plan to increase awareness of services to stakeholders, including hospital staff, in line with our go live plan early summer.

We are exploring with Devon County Council the feasibility of whether the Care Direct function can also manage Torbay telephone calls. If this approach is possible this means we could provide a single telephone number for everyone living in Torbay and South Devon with access to services local to where they live.

In the fullness of time this integration could be potentially further extended, building on the learning from the Care Direct services currently offered in South Devon and the newly integrated Single Point of Contact service in Torbay. The long term aim is a high quality, responsive, consistent and seamless service for everyone living in Torbay and South Devon.

Priority 5: improve the involvement of carers in the management of medications on admission and at discharge in Torbay Hospital and in our community hospitals

This piece of work was started as a result of carers' feedback about their experiences whilst the person they cared for was in hospital. They felt that patients were often discharged without family members being aware of any changes in medication or of side effects to be aware of after discharge.

We set ourselves the aim of testing the process for identifying and involving carers in medicines reconciliation and planning medication regimes for discharge.

Our individual objectives focused on:

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

The first part of the project focused on more reliably identifying carers when patients were admitted to a hospital ward. The term IRIS was developed with carers and staff, standing for Identify, Record, Involve and Support. A carers 'Buzz' video session was developed for staff training to promote why they should identify, record, involve and support carers. A full roll-out of training and awareness programme is planned over the coming year, particularly linked with Carers Week in June.

The second part of our project focused on improving carers' involvement in discussions about people's medication. We started by testing a process on one ward of Torbay Hospital where a pharmacist would speak to patients and their carers soon after admission to help with 'reconciliation' – matching up the records held by GP and Hospital about which medications someone was taking. Whenever these patients were about to be discharged home, the pharmacist would again have a conversation about any changes to the medication.

Due to the low number of patients with carers who were discharged directly home from this ward, the pilot was extended to other wards. Where possible, those patients who were

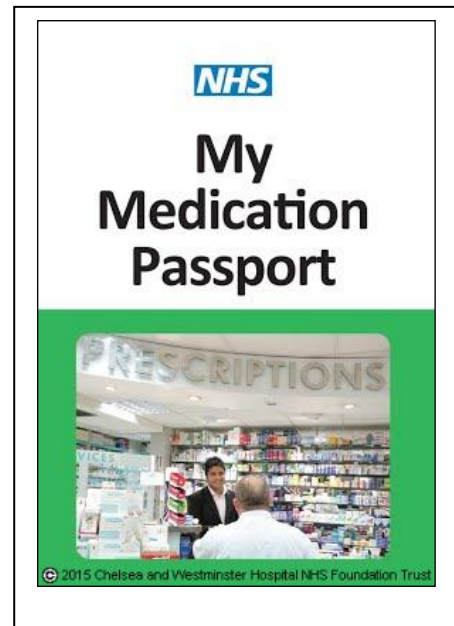
discharged home were given a written record about their medication so that they and their carers would be clear exactly which medications were to be taken after discharge.

Evaluation of the project at Torbay Hospital showed that 86% of carers had a conversation about medication and 44% were given a medication sheet before discharge which they all found useful or very useful.

Based on the results, we decided to sign up to the national 'My Medication Passport' which includes all the medication information both at admission and pre-discharge and is especially useful for people on multiple medications.

For carers and patients using our local community hospitals, the evaluation has showed that conversations about medication are not happening as regularly; just 22%, of the time. As a result staff guidance and training is being arranged.

In addition to promoting the need to have conversations with carers about medication, concerns had been raised by young carers and young adult carers about the medication that their parents were taking. The Trust medicines management team have met with this group to discuss the various medications, side-effects and triggers. A system is now set up for the group to meet regularly with this team to increase knowledge and awareness for everyone concerned.



Continuous quality improvement in 2015/16

Improving our services is a key to ensuring we consistently provide high quality, safe care. Over the last 12 months the single biggest change has been the integration of our health services delivered at Torbay Hospital through South Devon Healthcare NHS Foundation Trust with our local community services delivered by Torbay and Southern Devon Health and Care NHS Trust.

This integration of our services into one care organisation in October has resulted in us being able to change and improve the way we deliver care more effectively, such as the development of local health and wellbeing teams whilst continuing to improve effectiveness and governance through the development of one Trust Board across Torbay and South Devon responsible for all health services and adult social care services. The number of Governors and members has also changed to reflect the geographical footprint of the new organisation. This ensures that everyone in Torbay and South Devon has the opportunity to be involved in the further development of the new organisation.

In terms of quality and quality improvement, there is now a Director of Strategy and Improvement and one single quality improvement group co-chaired by the Medical Director and Chief Nurse. The group includes patient/carers and governor representation as well as care professionals. This group reports via the Executive Team to the Quality Assurance Committee, a smaller group of non-executive and executive directors and a

governor observer. The role of the committee is to monitor, review and report on the quality of clinical and social care provided by the trust and identify any key issues and risks requiring a decision or discussion by the Trust Board.

The Quality Improvement Group has been involved in the development of the annual Quality Account, as well monitoring the delivery of the quality strategy which is available online at www.torbayandsouthdevon.nhs.uk. This includes the delivery of CQUINs (Commissioning for Quality and Innovation), areas identified for improvement by the Trust, as well as ensuring people using our services see quality in all that we do (SEE = safety, effectiveness, experience). The following section highlights a selection of some of our improvement work this year:

CQUINs 2015/16

In 2015/16 the Trust has been involved in delivering eight CQUINs covering safety, patient experience and clinical effectiveness. As in previous years these are a mixture of national and local improvement priorities.

A breakdown of the 2015/16 CQUINs can be found in annex three.

Two CQUIN examples are described in more detail below.

Patient experience

The patient experience CQUIN is a local CQUIN and for the first time, the improvement objectives have been agreed and implemented across all the South Devon health and care providers, supported by the local clinical commissioning group (CCG). This is an innovative way of delivering a CQUIN and South Devon and Torbay Clinical Commissioning Group has been the first nationally to pilot this approach.

The collaborative has worked together to improve communication. This includes: embedding a range of initiatives into all local organisations and learning from each other as the projects have been implemented. These include:

- 'Hello my name is'.

This is part of the national campaign initiated by Dr Kate Granger, who made a number of observations about her experience whilst a patient. One of these observations was what a positive difference it made when staff introduced themselves.

Within the Trust we have worked with all our staff to ensure they are aware of the importance of introducing themselves to patients, relatives and carers. We have used established training opportunities, such as clinical induction, corporate induction, and junior doctors training to reinforce 'hello my name is'.

Staff now have the hello my name is logo next to their name and role as part of their email signature and everyone is encouraged to start a conversation introducing themselves first. The executive directors photographs displayed in all the hospitals now have the logo attached and all their blogs start with "hello my name is".

All front line staff and many other staff now have yellow badges to clearly identify themselves and their role. In our real time patient experience survey we continue to monitor if people have introduced themselves and if they have been clear about their role. Over the last 12 months there has been an improvement from 88% to 91% when patients have been asked if the staff introduce themselves.

- 'You said we did'

This was started by the Trust in 2014/15 as a means of providing better feedback too patients. This initiative has now been extended to include staff as well as patient feedback

Recent examples include the changes in the Acute Medical Unit which now means improved dignity and privacy for patients. Increased number of car parking spaces for patients and the pay on exit system.

- Social media and technology

People are increasingly using a range of social media to provide us with feedback about our services. To this end, we have tested over the last 12 months a software product that enables us to feedback using the social media format that a person has contacted us by e.g. facebook. In principle, this means that feedback should be more timely and accessible to the person sending the feedback. In 2016/17 we aim to continue with this service.

We have also been involved with the local commissioning group in testing out a patient leaders programme with the aim of increasing the patient voice at a more strategic level. For a number of internal reasons we failed to get a patient leader onto one of our strategic groups. We are now trying alternative approaches which include ensuring that there is a patient/carer representation on any committee whose focus is quality improvement.

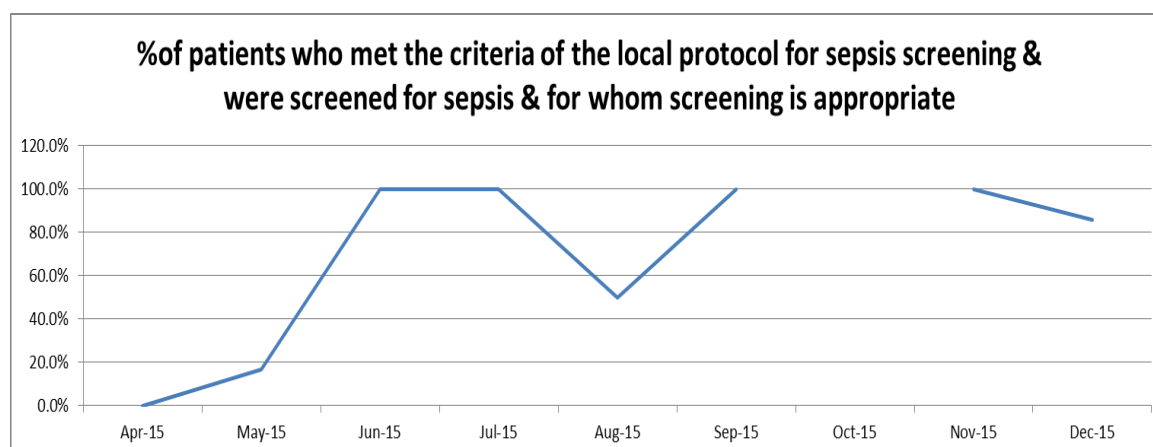
Sepsis

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. Sepsis is recognised as a significant cause of mortality and morbidity in the NHS, with around 35,000 deaths attributed to sepsis annually.

In recognition of the importance of this condition and the need for prompt treatment with antibiotics, the Department of Health made sepsis improvement a key priority for all hospitals in England in 2015/16. They asked all trusts to undertake a monthly audit of screening and antibiotic administration for patients arriving via the Emergency Department.

We have been undertaking the Department of Health audits and sending the information to the Department of Health. We have also been continuing to undertake our own monthly case note audits which we have now been running for several years.

With regards to the Department of Health screening audit, we have been showing an overall improvement based on the audit sample.



Our audits of antibiotic administration have been poor because of our inability to collect timely data. We have recognised that we need to do further work on this and as a result, we have been making improvements to capture severe sepsis screening and antibiotic administration on our new Emergency Department IT system 'Symphony'.

This includes making fields mandatory and ensuring the sepsis protocol is available to all staff on the Emergency Department computers. In addition all our staff working in the Emergency Department have undertaken refresher training.

In 2016/17 sepsis will remain a national CQUIN and it will also continue to be a Quality Account priority captured in priority 3 which focuses on improving the timeliness to be seen within the Emergency Department.

National improvement initiatives

Every year the Trust gets involved in and implements a number of national health and care initiatives. Two of the most significant developments have been improving patient safety through the Sign up to Safety Campaign as well as quality of care through fully implementing the Duty of Candour regulations which came into force in spring 2015.

Sign up to safety

Sign up to safety is a national initiative aimed at helping NHS organisations to improve patient safety. The Trust signed up the campaign in 2014 with an Executive Director accountable for driving patient safety forward.

Over the last year, as well as sepsis, we have focused our safety improvement work on:

- **Acute kidney Injury**

Acute kidney injury simply means a sudden reduction in kidney function resulting in a difficulty to maintain the natural fluid, electrolyte and acid-base balance of the body. The term has replaced 'acute renal failure' and includes earlier stages of kidney issues other than just 'failure'. The diagnosis of acute kidney injury and its staging is based on acute changes in a blood test and/or a reduction in urine output. It is not a traumatic injury to the kidney as the name may imply, rather a clinical syndrome with many different underlying causes.

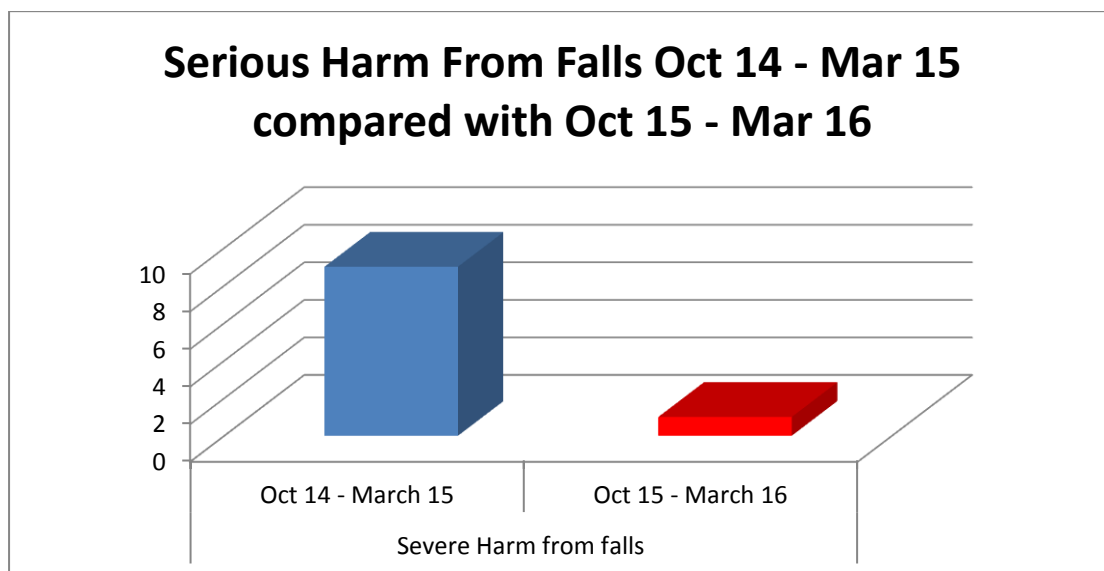
To meet the changes required to diagnose acute kidney injury the Trust's laboratory computer system has been configured to generate these stage of acute kidney injury, based on a simple blood test. Once an acute kidney injury stage has been triggered an acute kidney injury bundle is available, outlining the various treatments and monitoring options available. The first and often simplest action is to increase the amount of fluid the person is receiving.

The Trust, through the acute kidney injury group, has created a bundle of care which has been shared with all relevant staff and is available online and in a summery credit card sized format. A suite of leaflets, including patient education leaflets, and an education short video on the management of acute kidney injury are also available and in use. This information is also included on the discharge plan of all patients recorded with an acute kidney injury. The discharge plan also includes what follow up blood tests are required and how often.

- **Falls – Torbay Hospital focus**

Falls in hospital are the most frequently recorded safety incident within the NHS. They are can be very minor in nature but can also have devastating impacts and tend to rise in the October to March period. In order to prevent in-hospital falls during this time span a falls awareness campaign was launched with particular emphasis in the winter months. Assessment methods, actions to take and ways of improving communication have all formed part of the campaign.

From October 2015 to March 2016 the number of falls at Torbay Hospital has reduced from over 70 to fewer than 40. The falls resulting in serious harm have also reduced, in comparison to the same time period the previous year. (see chart)



- **Pressure ulcers - community focus**

The reduction in pressure ulcer prevalence remained a Trust priority for 2015/16. To support this work the collaborative pressure ulcer prevention initiative was disseminated across all community service areas within the Trust.

From April 2015 the Trust target has been a 50% reduction in avoidable grade 3 and 4 pressure ulcers across all community hospitals and zones included in the collaborative roll out.

To date all community teams and community hospitals have now been co-opted onto the collaborative pressure ulcer prevention work stream, including providing education and support with the aim of embedding pressure ulcer prevention into everyday work.

The introduction of a core set of patient risk assessment and care planning tools to promote early identification of patients at risk and the use of preventative care strategies is an integral aspect of the collaborative patient safety programme.

Compared with the previous year's performance to date there has been a decrease of one grade 3 or 4 ulcer in the community hospitals and a decrease of 14 grade 3 or 4 pressure ulcers for the community nursing teams. This is an x % reduction over the last 12 months.

In 2016/17 our safety improvement work will focus on:

- **Acute kidney Injury.**

Continue the work undertaken in the acute hospital setting in its recognition and treatment based on the acute kidney injury bundle and spread this work to the community and primary care settings. This work will involve recognition, education and advice leaflets once an acute kidney injury and its stage have been identified.

- **Sepsis.**

This will continue to be a key focus and is both a national CQUIN and a Quality Account priority (see page 92). The on-going work will include the new updated guidance due to be released in May 2016.

- **Medication**

With the advancement of technology in healthcare particularly within the medicines field, the Trust is moving to an e-prescribing system. This exciting progression will revolutionize the way prescriptions are generated, recorded and administered, which will offer real safety benefits to our patients. The launch date for testing the system is autumn 2016 with full implementation across the Trust by autumn 2018.

- **Pressure ulcers and falls**

Due to the nature of our population, its frailty and age these areas are always going to be key performance indicators for the Trust and will remain a key focus through 2016/17.

Duty of candour

There is a requirement for all providers of care to be open and transparent with people who use their services; specifically when harm is caused to a person during care. Best practice guidance about Being Open when a patient safety incident occurs was published by the National Patient Safety Agency, as a result of which we produced policy guidance for staff in fulfilling this obligation. The Care Quality Commission (CQC) has now formally

adopted the duty of candour into its regulatory framework and is reviewed as part of the CQC inspection regime.

We have included a duty of candour prompt in our incident reporting and incident investigating documentation. Our investigations of serious incidents also include any particular questions the patient or family have in relation to the incident. We have also updated our internal guidance for staff.

We will be continuing to develop and improve our central recording of adherence to the duty of candour regulation during 2016. Our performance will be monitored through the Quality Improvement Group and through learning and changing practice following serious adverse event reviews.

Local improvement initiatives

Every year the Trust every year sets itself a number of corporate objectives as well as those set by care teams working together to improve their own services. The outcomes of the annual corporate objectives are provided in detail within the Trust annual report which sits alongside the annual Quality Account. Detailed below is a small selection of front line improvement projects:

Bereavement

In our 2014/15 Quality Account we reported that we had made improvements in ensuring that GPs were informed quickly about a patient death in hospital. In 2015/16 we have continued with bereavement improvement work focusing on death certification.

Our objective has been to ensure, by April 2016, that 95% of all death certification paperwork is completed within two working days of the time of death.

In order to achieve this aim, a project team was formed, which was clinically led by a palliative care consultant supported by the bereavement office team. The project team carried out an information gathering exercise, to understand how well the current death certification paperwork process runs. We gathered information from families/carers that had previously used the service, which demonstrated a varied experience of how quickly the necessary paperwork was completed. We asked our ward doctors how they felt the process ran currently. We measured the times it took for death certification paperwork to be completed (up to six working days following a patient's death).

The project team discovered that the current process for completing death certification was not as efficient as it could be, that it relied on many handovers between clinical and non-clinical teams and involved lots of duplication. These delays in generating the death certification paperwork resulted in unnecessary waits for the family and potential delays in being able to plan their loved one's funeral/service. Patients' comments included:

"It was distressing it took nearly 4 days to produce the death certificate"

"Get death certificate paperwork out quicker. Had to chase for this as could not register his death"

A new process was implemented to speed up generating the paperwork for families. This involved setting up a “one stop shop” for death certification paperwork completion which included a dedicated doctors’ area in the bereavement office with a computer, phone, and access to bereavement office team guidance and advice. Crucially, this was not in a ward area, enabling doctors to complete the death certification without any interruptions.

A communications exercise was carried out, to make staff aware of the new process, which included an email and poster campaign and floor walking on the wards by the bereavement office team. The project team measured throughout the project, to see if the changes resulted in improvements to death certificate timeliness.

After running the new death certification process for only a month, the timeliness of death certification was improving dramatically, which therefore benefitted families/carers.

	Before the change	After the change
% of death certificates that were completed within the same <u>working day</u> of the patient’s death	8%	39%
% of death certificates that were completed within <u>2 working days</u> of the patient’s death	78%	97%

There was also a significant improvement in accuracy.

% of errors found on death certification BEFORE the change	% of errors found on death certification AFTER the change
64%	0%

The new death certification process is now embedded as business as usual and families/carers continue to receive paperwork in a much shorter timescale.

Lower limb therapy service

Leg ulcers affect around 1 in 500 people in the UK and it is estimated that 1% of the population (and 3.6% of people older than 65) will suffer from leg ulceration during their life. Our ageing population means that demand for leg ulcer assessment, treatment and healing services is set to rise substantially over the coming years.

During 2015, working in partnership with the Torbay and South Devon Clinical Commissioning Group, we have introduced a lower limb therapy service. The aim of this nurse-led service is to improve the quality of care for patients with leg ulcers.

The service has clinics in nine different locations across Torbay and South Devon. These all offer assessment, specialist treatments such as compression therapy and also provides education and support to patients, their families and carers. Our specially trained

nursing staff develop individualised care management plans for all patients dependent on the type of leg ulcer they have. We can improve symptoms associated with leg ulcers such as pain, exudate and odour and also improve healing rates through the use of appropriate treatments.

By providing a consistent approach and a standardised clinical pathway we are also reducing unnecessary or inappropriate use of dressings and wound care products and where required we ensure onward referral to other specialist services such as dermatology and vascular teams.

Since the service has started, it has received over 500 patient referrals. Currently at any one time over 200 patients are benefitting from the new lower limb therapy service. The healing rates for venous ulcers are on average 10 weeks. This is exceeding the commissioner's initial target of 24 weeks.

Trauma triage

Historically, all patients who attended Accident and Emergency or a minor injury unit with a fracture would be given a follow-up appointment at the fracture clinic run at Torbay Hospital. Some of these fractures often require no further treatment than that already prescribed at A&E or the minor injury unit. As a result, a number of patients have made unnecessary trips and for the Trust this has increased the demand on services such as x-ray as well as there being poor use of clinic time in fracture clinic.

The virtual fracture clinic pilot which began in July 2014, aimed to reduce the numbers of patients returning to fracture clinic by virtually reviewing those with five specific fractures. Patients were contacted by telephone and only booked an appointment in person if deemed necessary by the consultant.

This pilot was well received by both patients and staff and reduced the numbers requiring follow up appointments without compromising the quality of care.

Learning from other sites, such as NHS Greater Glasgow and Clyde and building on the success of the initial pilot it was decided to develop this pathway further and in October 2015 trauma triage was launched.

Patients attending A&E or a minor injury unit with a fracture now go through one of the following pathways:

- Those with one of the initial five fractures identified in the virtual fracture clinic pilot are discharged directly from A&E with appropriate treatment and advice.
- Those requiring surgery are either admitted to a bed or advised when to return for their surgery.
- All other fracture patients are directed to the trauma triage service.

Trauma triage clinics are led by an orthopaedic consultant and registered nurse and run Monday to Friday between 0900 and 1000. The team review all case notes and x-rays of those patients who attended within the previous 24 hours and a decision is made about their treatment and ongoing plan of care. The nurse then contacts patients by telephone and either advises them of their ongoing care or arranges a necessary appointment with the correct clinician.

Early results show that approximately 25% of fracture patients are now discharged from A&E and require no further treatment or hospital appointments and a further 20% are discharged following trauma triage.

Those patients who require an appointment are then seen in a time appropriate clinic and by the correct professional. There has been positive patient feedback:

“Pleased not to have to come back unnecessarily”

“So good not to have unnecessary appointment when I’m a busy mum”

In 2016/17 the service will continue to run and develop.

Cost improvement and innovation

As well as local quality improvement initiatives, we also focus on cost improvement programmes and innovation initiatives. The latter may solve a local or national problem as well as bringing much needed revenue into the Trust. Two examples of this type of work are described below.

Printing project

This is an environmentally friendly cost improvement project with the aim of reducing the amount of paper and electricity used as well as providing a significant saving by deploying modern devices procured at the best possible price.

Over the last 12 months we have checked over 400 printers and associated devices within the main acute hospital site and community locations. Over 100 older, inefficient printers have been replaced with newer, faster, more efficient models that use less power. These new machines also almost halve our rental and printing costs. A print education programme has been running in parallel to reduce the volume of printing undertaken and to switch from colour to black and white wherever possible.

The Trust prints around 20 million A4 sheets per year and spends £750,000 per annum on printers and printing. The Trust has saved £100,000 to date. Continuation of the programme over the next four years should release a further £200,000 per annum as older printers are replaced.

Product innovation

The Trust has a small team providing innovation support to care professionals interested in product or service innovation. In our 2014/15 Quality Account we reported that one of the early successes was a bedpan designed by a junior doctor. This inspired the company involved in this innovation, HPC, to create a new bedpan in conjunction with Clinnel, a leading commode supplier.

Another innovator discovered the material had possible other uses and HPC have now developed a wider range of kit made out of what is called thermoform material. This includes kidney dishes, theatre procedure trays and other disposable equipment. Thousands of these types of products are used every day in the NHS and currently they have to be sent to landfill once they have been used. With thermoform products they can be macerated on site which means it is both cheaper and more environmentally friendly. There is also a possibility that the waste could be turned into bio fuel.

This product innovation has significant national and international potential which can benefit the Trust as well as HPC who are developing this product range.

Priorities for improvement

Looking forward: 2016/17

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

In recognition of the development of a joined-up care system we have worked closely with our other health and care partners to develop a shared set of improvement priorities. We have also taken into account the views of key stakeholders when discussing and agreeing the priorities for 2016/17 as well as the recently formed Quality Improvement Group. (See annex 1)

These priorities have been signed off by our Board.

In brief the improvement projects are:

Patient safety

Priority 1: to improve the consistency and reliability of complaint investigations and associated systems for organisational learning across the care system now within the integrated care organisation.

We have reviewed two recent national reports in relation to complaints. The first of these 'A Review into the quality of NHS complaints investigations' was produced by the Parliamentary and Health Service Ombudsman. The report examined the quality of NHS complaints investigations, especially when the complaint is concerned with incidents of serious or avoidable harm being caused to people during their care. We also reviewed 'Breaking down the barriers: Older people and complaints about healthcare'.

Clearly it is important to ensure a complaint investigation is robust and fully reviews the issues identified so that a full explanation can be provided to the person or their family. Very often when people have cause to complain, they tell us that they do not want the same thing to happen to anyone else. We therefore have a responsibility to undertake a robust investigation and that we learn and share lessons when something has gone wrong. We also need to ensure the relevant information and support is available to people who wish to complain about the service they have received.

Our objectives for 2016 are:

- To review the information we currently provide to people who use our services, and to make it more easily accessible. We will undertake this review in the first quarter of the year and identify any remedial action via the Learning from Complaints Group. We will additionally strengthen the governance and reporting framework following a complaint, with particular regard to learning from the findings. This will form, part of the reporting process to the Quality Improvement Group.
- To review the training we provide for our staff, with a particular emphasis on staff awareness of the potential issues experienced by older people in making a complaint. We will begin this review in quarter one and provide a report to the Quality Improvement Group in July.
- To roll out the complaint investigation documentation devised in the community across our integrated care organisation.
- To re-evaluate the training requirements for those undertaking complaint investigations and complete a training needs analysis for staff. We will complete the analysis in quarter two.

Progress against these objectives will be monitored through the Quality Improvement Group. The work will be led by the Deputy Director of Nursing (Quality & Experience) with executive support from the Chief Nurse.

Priority 2: to integrate two existing early warning trigger tools developed by Torbay Hospital and community services into one trigger tool which can be used across any health and care setting supported by the integrated care organisation.

Currently the Trust uses two complementary early warning trigger tools designed to help clinical teams identify the trigger points where the quality of patient care could be compromised depending on a number of factors. These can include staffing levels, clinical leadership, multi- disciplinary team working and day to day operational demands. These early warning tools allow prompt effective targeted action to be taken by the senior nurses to ensure that the quality of care for patients is not compromised.

By integrating the early warning trigger tool from both Torbay Hospital and the community services, this will allow a more sensitive tool to be developed which can be used in any health and care setting across Torbay and South Devon, To achieve this improved tool, our individual objectives are:

- In quarter one within surgical services to develop specific service sensitive questions in collaboration with ward matrons and to pilot these for each surgical ward.
- In quarter two within medical services to develop specific service sensitive questions in collaboration with ward matrons and to pilot these for each medical ward. In this quarter surgical services will start to complete the new tool monthly.

- In quarter three within the women's, children's, therapies and diagnostics services to develop specific service sensitive questions in collaboration with ward matrons and to pilot these for each ward. In this quarter medical services will start to complete the new tool monthly.
- By the end of quarter four all the services will be completing the new early warning trigger tool.

This work is being led by the Deputy Director of Nursing (Professional Practice) with Board level support provided by the Chief Nurse. Quarterly progress reports will be shared with the Trust's Quality Improvement Group.

Clinical effectiveness

Priority 3: to improve the timeliness of assessment of within the Emergency department as demonstrated through reliable achievement of:

- Time to triage, initial assessment and vital signs for all appropriate patients (15 minute standard)
- Time initial medical review (60 minute median standard)
- Compliance with sepsis bundle

The Trust has not achieved its performance against the four hour wait target for patients in the Emergency Department. An action plan is in place that acknowledges this as challenge across our entire organisation but the target is measured in the Emergency Department and this is where patients can wait for excessive periods to be seen, leading to a poor patient experience.

At times of greatest pressure the clinical risk associated with patients not being seen in a timely manner by the right clinician increases. Individual objectives against which we will measure ourselves are:

- To ensure that vital signs are taken and recorded at the point of ambulance handover for all 999 patients presenting at 'Major's'. The best practice standard is carry out the first set of observations within 15 minutes.
- To have a nurse present in the emergency department waiting area 24/7 to ensure vital signs are taken and recorded in a timely manner. The best practice standard is to carry out the first set of observations within 15 minutes.
- To trial the allocation of a doctor to the nurse-led rapid assessment area to ensure timely reviews of all 'Major's' patients.
- To ensure all patients seen by the Emergency Department clinicians are seen promptly (60 minute median standard)
- Improve sepsis screening and compliance against the sepsis six bundle

The work will be led by the Clinical Director in the Emergency Department supported by the Medical Director. Operationally the work will be led by the Acute and Community Care

system Manager and Matron supported by the Chief Operating Officer. The team will provide monthly reports to the Board, as this is a key performance indicator, as well as quarterly updates to the Trust Quality Improvement Group.

Priority 4: To improve the stroke pathway across our organisation through improving stroke coordination and remapping the whole pathway, focusing first on the acute elements of the pathway. The outcome will be improved performance against the national standards.

Prior to the formation of the integrated care organisation there were two stroke services; Torbay Hospital provided an acute stroke service based on George Earl ward led by Consultant Stroke Physicians. The Community Trust provided stroke rehabilitation based on Teign Ward at Newton Abbot Hospital led by a Consultant Therapist with medical support provided by a GP. The teams worked very closely together but did not experience the benefits that full integration could bring to patient care.

In 2016/17 our objectives are to:

- Map the stroke pathway for people presenting with a stroke or suspected stroke; clarifying roles and responsibilities for ensuring patients get timely and effective care focussing on targets identified in SSNAP domains 1 and 2. This is a set of national quality stroke standards which we are measured against.
- Identify the requirements to ensure robust, proactive and consistent co-ordination of the stroke pathway and begin to implement the improvements required
- Fully scope and plan the steps required to create a single fully integrated stroke service that supports patients, their families and carers.

Priority 4 has been developed in recognition of the need to improve our stroke performance and through working in an integrated way this will improve patient, family and carer experience.

Managerially the work will be led by the Acute and Community Care System Manager with clinical leadership provided by the Stroke Consultant and the Consultant Therapist in Stroke. Board level support will be provided by the Chief Operating Officer with the team providing quarterly reports against their improvement plan to the Trust Quality Improvement Group.

Patient experience

Priority 5: Test the impact of using the ‘Institute of Health Improvement’s teach back’ method to improve communication between patients, families and health and care professionals.

Clear communication between health and social care staff is an important aspect of people’s experience of care. Teach back is a simple method of asking the person to repeat back what they have understood of the discussion. In this way if the first communication has not been clear enough there is the opportunity to correct any

misunderstanding or fill in gaps. It is also a practical way for health and social care staff to assess and make improvements to their style of communication.

In 2016 we will test out our approach to utilising this method across three areas:

- As part of the patient flow (SAFER) bundle work on one area we will use the methodology to improve our communication and planning of discharge from hospital.
- As part of our feedback and engagement team work plan, we will test out this method when people contact us by telephone.
- As the care model progresses we will select one care pathway to trial the teach back method in clinical assessment.

The work will be led by the Deputy Director of Nursing (Quality & Experience) supported by the Trust Feedback and Engagement Team. Board level support will be provided by the Chief Nurse. Progress against these objectives will be monitored through the Quality Improvement Group, reporting quarterly.

Statements of assurance from the Board

Review of services

During 2015/16 Torbay and South Devon NHS Foundation Trust provided and/or sub-contracted 51 relevant health services.

Torbay and South Devon NHS Foundation Trust has reviewed all the data available to it on the quality of care in 51 of these relevant health services.

The income generated by the relevant health services reviewed in 2015/16 represents 87% of the total income generated from the provision of relevant health services by Torbay and South Devon NHS Foundation Trust for 2015/16.

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 2015/16, 30 national clinical audits and 3 national confidential enquiries covered relevant health services that Torbay and South Devon NHS Foundation Trust provides.

During 2015/16 Torbay and South Devon NHS Foundation Trust participated in 90% of the national clinical audits and 100% of the national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Torbay and South Devon NHS Foundation Trust was eligible to participate in during 2015/16 are as follows:

National Audits	Eligibility	Participation
Acute coronary syndrome or acute myocardial infarction (MINAP) (NICOR)	Yes	Yes
Adult cardiac surgery audit (ACS) (NICOR)	No	N/A
Adult critical care (Case Mix Programme) (ICNARC CMP)	Yes	Yes
Bowel cancer (NBOCAP) (NHS IC)	Yes	Yes
Cardiac rhythm management (HRM) (NICOR)	Yes	Yes
Chronic kidney disease in primary care	No	N/A
Chronic obstructive pulmonary disease (COPD) (RCP)	Yes	Yes
Congenital heart disease (CHD) (Paediatric cardiac surgery) (NICOR)	No	N/A
Coronary angioplasty (NICOR)	Yes	Yes
Diabetes (Adult) ND(A), includes National Diabetes Inpatient Audit (NADIA) (ANDA) (NHS IC)	Yes No	Inpatient Yes Adult N/A
Diabetes (Paediatric) (NPDA) (RCPCH)	Yes	Yes
Elective surgery (National PROMs Programme) (NHS IC)	Yes	Yes

Emergency oxygen (BTS)	Yes	No
Falls and fragility fractures audit programme, includes national hip fracture database (FFFAP) (RCP)	Yes	Yes
Heart failure (NICOR)	Yes	Yes
Intermediate care	No	N/A
Inflammatory bowel disease (IBD) (RCP)	Yes	Yes
Lung cancer (NLCA) (RCP)	Yes	Yes
National cardiac arrest audit (NCAA) (ICNARC)	Yes	No
National comparative audit of blood transfusion (NHS BT)	Yes	Yes
National complicated diverticulitis audit	No	N/A
National emergency laparotomy audit (NELA) (RCA)	Yes	Yes
National joint registry (NJR)	Yes	Yes
National vascular registry, including CIA and elements of NVD (NVR) (RCS)	Yes	Yes
Neonatal intensive and special care (NNAP) (RCPCH)	Yes	Yes
Oesophago-gastric cancer (NAOGC) (RCS)	Yes	Yes
Paediatric asthma (BTS)	Yes	Yes
Paediatric intensive care (PICANet)	No	N/A
Parkinsons disease (NPA)	Yes	No
Prescribing observatory for mental health (POMH-UK) (Prescribing in mental health services) (RCP)	No	N/A
Procedural sedation in adults (CEM)	Yes	Yes
Prostate cancer (NPCA) (RCS)	Yes	Yes
Pulmonary hypertension (NHS IC)	No	N/A
Renal replacement therapy (Renal Registry) (NHS BT)	No	N/A
Rheumatoid and early inflammatory arthritis	Yes	Yes
Sentinel stroke national audit programme (SSNAP), includes SINAP (RCP)	Yes	Yes
Severe trauma (Trauma Audit & Research Network) (TARN)	Yes	Yes
UK cystic fibrosis registry	No	N/A
Vital signs in children (CEM)	Yes	Yes
VTE risk in lower limb immobilisation (CEM)	Yes	Yes
National Clinical Audit and Patient Outcome Programme incorporating National Confidential Enquires	Eligibility	Participation
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 (NCISH)	No	N/A

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

- Emergency oxygen (BTS) – Directorate decision due to staffing issues.
- National cardiac arrest audit (NCAA) (ICNARC) – £1000 subscription fee. Trust therefore decided not to take part.
- Parkinsons disease (NPA) – No clinician available to lead within service

The national clinical audits and national confidential enquiries that Torbay and South Devon NHS Foundation participated in, and for which data collection was completed during 2015/16, 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.

National Clinical Audit and Patient Outcome Programme incorporating National Confidential Enquires	Cases submitted	% Cases
Acute coronary syndrome or acute myocardial infarction (MINAP)	TBC	100
Adult community acquired pneumonia (BTS)	23	115
Adult critical care (Case Mix Programme) (ICNARC CMP)	Report not published	
Assessing for cognitive impairment in older people (CEM)	100	100
Bowel cancer (NBOCAP) (NHS IC)	222	100
Cardiac rhythm management (HRM) (NICOR)	Report not published	
Chronic obstructive pulmonary disease (COPD) (RCP)	TBC	100
Coronary angioplasty (NICOR)	Report not published	
Diabetes (Adult) ND(A), includes national diabetes inpatient audit (NADIA)	Report not published	
National pregnancy in diabetes	5	100
Diabetes (Paediatric) (NPDA) (RCPCH)	Report not published	
Falls and fragility fractures audit programme (FFFAP), includes		
Inpatient falls (RCP)	30	100
National hip fracture database	471	100
Heart failure	507	100
Inflammatory bowel disease (IBD)	24	100
Initial management of the fitting Child (CEM)	10/50	20
Lung cancer (NLCA) (RCP)	178	100
Mental health in the Emergency Department (CEM)	50	100
National comparative audit of blood transfusion (NHS BT)		
- 2015 Audit of Patient Blood Management in Adults undergoing elective, scheduled surgery	29	100
National emergency laparotomy audit (NELA) (RCA)	TBC	
National joint registry (NJR)	814	100
National vascular registry, including CIA and elements of NVD (NVR)		
- National vascular organisational audit	1	100
Neonatal intensive and special care (NNAP) (RCP CH)	340	100
Oesophago-gastric cancer (NAOGC) (RCS)	151	100
Paediatric asthma (BTS)	Report not published	
Procedural sedation in adults (CEM)	44/50	88
Prostate cancer (NPCA) (RCS)	100	100
Rheumatoid and early inflammatory arthritis	TBC	
Sentinel stroke national audit programme (SSNAP), includes SINAP (RCP)	634	100
- SSNAP Post-Acute Organisational Audit	1	100
Severe trauma (Trauma Audit & Research Network) (TARN)		
- Thoracic & abdominal Injuries & shocked, March 2015	255	100
- Core Measures for all patients, Boast 4 eligible fracture, open limb fractures, severe pelvic fractures	348	100
- Core measures for all patients - Head & neck spinal injuries	349	100
Vital signs in children (CEM)	50	100
VTE risk in lower limb immobilisation (CEM)	50	100

National Clinical Audit and Patient Outcome Programme incorporating National Confidential Enquires	Cases submitted	% cases
Child health programme	TBC	TBC
Maternal, infant and new-born clinical outcome review programme	TBC	TBC
Medical and surgical programme: National confidential enquiry into patient outcome and death		
- Gastrointestinal haemorrhage	2/5	40
- Just say sepsis	5	100

The reports of 44 national clinical audits were reviewed by the provider in 2015/16 and Torbay and South NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:-

Ref	Recommendations / actions
0071 (BTS) Adult community acquired pneumonia	
	<ul style="list-style-type: none"> • Coding to be contacted to include coding information after case selection of next year's audit. • Patient admission times to hospital should be considered locally - earlier admissions are better than later during the day.
134 (CEM) Assessing for cognitive impairment in older people	
	<ul style="list-style-type: none"> • Disseminate amongst nursing staff the importance of documenting not only observations but also an early warning score. • Liaise with IT team to ensure recorded observations assist with/enable automatic calculation of early warning score. • Liaise with IT team to ensure an automated prompt for patients over 75 presenting by ambulance for an AMT-10 cognitive assessment tool is included within the triage section of the IT programme.
0132 (CEM) Initial management of fitting child	
	<ul style="list-style-type: none"> • Develop and introduce a 'Fitting Child' leaflet for parents (completed)
0133 (CEM) Mental health in the Emergency Department	
	<ul style="list-style-type: none"> • Greater awareness of mental health triage tool for medical and nursing staff through education at induction for the new doctors in August and teaching for the established doctors/nursing staff. • Re-audit data when mental health triage tool has been introduced. (Triage tool introduced end of 2015 & re-audit planning taking place spring 2016) • Consideration of 24/7 triage by matron by Dec 15.
0047 (DAHNO) Data for head and neck oncology	
	<ul style="list-style-type: none"> • Liaison over where the data is collected and reported, needs to be streamlined so as to avoid any double reporting and to allow accurate future surgeon reporting. Work led by Lead for Health & Neck cancer & Oral & maxio-facial consultant.
0043 (NHFD) National Hip Fracture database	
	<ul style="list-style-type: none"> • Rethink strategy to enable surgery on the day of, or day after, admission - possible options are to promote prompt starts and diverting TCI trauma to day surgery. • Improve % of patients admitted to Ainslie trauma ward within 4 hours - via fast track admissions and ring fencing, 'hip fracture' beds on Ainslie - need executive operational support and ongoing

audit of reasons patients not admitted to Ainslie within 4 hours.

- Ensure community rehab services are represented at clinical governance meetings.
- Development of hip fracture programme using quality improvement methodology initially using Paignton cohort of hip fractures.
- Establish early supported discharge scheme.
- Add whether a fascia Iliaca nerve block done to the data collected in our national hip fracture database for 2016.

0075 (SAMBA) A day in the life of an Acute Medical Unit (AMU)

- Acute Medicine Consultant input into all GP referrals to see if there is an alternative to acute admission.
- The opening of a clinical decision unit on EAU3 to free up space in the Emergency Department.
- The opening of a dedicated Acute Medicine Unit on EAU 4 to allow direct admissions to this ward and to provide a location for ambulatory care.
- The employment of additional clinical staff (Trust-grade doctors and a healthcare assistant) to staff these "new" clinical areas.
- Acute Medicine consultant presence on the AMU during daytime hours to allow early post-take review and facilitate prompt discharge where possible.

0027 (SSNAP) Stroke care - SSNAP Summary report of acute organisational audit results Sentinel - Stroke National Audit 2014 Report

- Domain One: A) Review of nursing establishment across the pathway
- Domain One: B) Specialist doctor ward rounds. Being considered as part of Trust wide consultant weekend working.
- Domain one: C) Direct admission to stroke unit. Meeting with Emergency Department/Reinforce ring fencing policy with Executive.
- Domain two: Check agreement with podiatry regarding review within 5 working days and access to diabetic/non-diabetic patients.
- Domain three: 6-7 day therapy working. Being considered as part of cross-organisational therapy review
- Domain 4: TIA clinic. Dependent on recruitment of additional Stroke Consultants and being considered as part of 7 day service (see Domain One A above).
- Domain 5: Forthcoming Integrated Care Organisation (ICO) offers opportunity for joint education across the acute and community trusts. Need to consider in-house training/hosting.
- Domain 6: Ensure patient version of local standards is available across pathway.

27 (SSNAP) Post-acute organisational audit public report: phase 2

- Patients in all geographical areas should be able to access stroke rehabilitation services seven days each week.
- There is currently OT and physiotherapy access in Teignbridge, Totnes & Dartmouth but not Torbay localities or with speech therapy. The current plan is to integrate these therapy staff into a single team to then enable seven day services across all geographical areas and professions.
- All other expected standards were met.

0039 National heart failure audit report April 13-March 14

- Improve data collection (we have been through this data and our figures are significantly better once data cleaned with those in whom meds are contra-indicated).
- Improve heart failure nurse involvement in HFPEF (heart failure with preserved ejection fraction) by more involvement on peripheral wards and automatic alert if known heart failure patient. admitted into the Trust.
- Key worker alert to let heart failure nurse team know of the admission of a known heart failure patient.

44 National lung cancer audit report 2015

- Our performance generally falls within acceptable practice but we need to be vigilant regarding obtaining tissue diagnoses and offering surgical resection to appropriate patients by raising awareness at the multidisciplinary team meeting
- The proportion of patients being seen by a clinical nurse specialist also needs further investigation in order to understand whether
- The published data for our Trust is a true reflection, and if so how this can be improved. Emailed Information department to ask if he can explain the discrepancy between the published number seen by lung clinical nurse specialist and our local figures.

0135 Multi-centred audit of quinsy

- No further action required.

0093 National comparative audit of blood transfusion programme - Survey of red cell use audit of blood transfusion

- No actions required.

0093 National comparative audit of blood transfusion programme - 2013 Audit of Anti-D immunoglobulin prophylaxis

- All eligible RhD negative pregnant women delivering RhD positive babies receive anti-D Ig prophylaxis post-delivery.
- (PD) at the correct time and the correct dose - Although 100% achieved there were 17% not timed we have now introduced a 'tag return' system and all doses are now accurately recorded. Any tags not completed are returned and the information obtained retrospectively.
- All RhD negative pregnant women receive anti-D immunoglobulin prophylaxis after a potentially sensitising event (PSE) in pregnancy - no data available from the audit report for our site, however changes were made to Anti-D policy (0193) to clarify PSEs and doses - new policy was published July 2014.
- A dose of at least 250 IU anti-D Ig before 20 weeks and at least 500 IU anti-D Ig after 20 weeks gestation is given within 72 hours of the PSE- Anti-D 'When and how much' posters and fact cards ordered from NHSBT and distributed to midwife teams leaders.
- All RhD negative women are given information about anti-D Ig prophylaxis and consent to receive the anti-Dig is documented. Only 60% of patients were documented as receiving the leaflets although it is policy to give it, we suspect this was a documentation issue rather than a lack of compliance. There is a tickbox in the documentation to say leaflet given - midwife education

required to ensure that this is completed. Although this has been actioned locally, already a further newsletter will be used to remind staff - this will become a regular feature of the newsletter.

- In the event that anti-D prophylaxis is declined, the reason is recorded - similarly with documentation relating to consent - only 85% had documentation of consent.

0093 National Comparative audit of blood transfusion programme - 2015 Audit of Patient Blood Management in Adults undergoing elective, scheduled surgery

- Pre-operative anaemia management: Along with current NICE Guideline NG 24 Blood Transfusion this has already been targeted by the PBMG (Patient Blood Management Group). A meeting has been requested by the HTT representatives (JP & PS) with the key stakeholders in both the pre-assessment areas in the Trust namely Day Surgery and Pre-Assessment level 2 (Consultant lead and Nurse lead for each area) 11/12/2015. These six key stakeholders will be responsible for implementing the new NICE guidance and these recommendations under the auspices of the PBMG. Presentations to T&O (23/02/2016), Anaesthetics (23/02/2016), O&G (04/02/2016) and Surgery (04/02/2016)
- Intra -operative use of single unit red cells transfusions intra-operatively - this is covered under the action plan for use of single unit red cells transfusions post-operatively
- Post-operative transfusion Hb trigger points - Although our policies and guidelines are compliant with this recommendation; practice is not. New paperwork has been presented to the Health records committee (14/12/15) which will make the supporting information more readily available; has been referred back to JP/PS to liaise with VC – meeting scheduled for 18/12/2015.
- Meeting already scheduled with Senior Nurse Strategy Group (19/2/2016) to discuss and to 'empower' nursing staff to question decisions that do not meet the recommendation. Increased education and awareness.
- Medical lead needed to ensure compliance amongst prescribers meeting with RD (07/01/2016).

0086 National oesophago-gastric cancer audit 2014

- No action plan required

0086 National oesophago-gastric cancer audit 2015

- NHS providers, individually and within local Networks, should ensure that the management guidelines for patients who are not suitable for curative treatment include a clear statement about the indications for palliative chemotherapy and its potential benefits and harms for older patients or patients of low performance status -
The oncology team will review outcomes in their patients receiving palliative chemotherapy and feedback to the MDT group.
- NHS trusts/ Health Boards should assess the data collection process for patients who receive an endoscopic/ radiological palliative intervention and adapt the process to improve levels of data completeness - All members of MDT, endoscopic team and MDT co-ordinators have been reminded of local protocols. An extra copy of all stent procedure reports will be now sent directly to the MDT co-ordinator post procedure to ensure that they are recorded in the patient record.

0033 National vascular registry 2015 annual report

- The main thrust of this audit is to support the further development of a centralised arterial

<p>centre. This should serve a minimum population of 800,000. This requires the movement of elective and emergency arterial surgery to Royal Devon and Exeter Hospital. Torbay Hospital is well aware of this move and is closely involved in development. Emergency cases will be moved to Royal Devon and Exeter in April 2016.</p> <ul style="list-style-type: none"> It is likely that elective arterial services will be moved to Exeter over the coming years. Work streams are already in place to develop working patterns to develop this move.
105 Tonsillectomy complication audit (SWAP)
<ul style="list-style-type: none"> Presentation of audit results at local M & M meeting. Collection of comparative data from rest of region Ongoing audit of coblation complications.
0108 (CEM) Asthma in children
<ul style="list-style-type: none"> Training for nursing staff/triage nurses on the use of asthma pathway in children (emphasise documentation). Asthma pathway publicised at morning handover meetings. Training for medical staff on use of the asthma pathway in children with particular emphasis on documentation and discharge decisions.
0109 (CEM) Paracetamol overdose
<ul style="list-style-type: none"> Emergency Department guideline to be re-designed. Teaching sessions for junior medical staff. Guideline to be displayed in triage.
0047 (DAHNO) Data for head and neck oncology
<ul style="list-style-type: none"> Liaison over where the data is collected and reported, needs to be streamlined so as to avoid any double reporting and to allow accurate future surgeon reporting.
0051 (ICNARC): Adult Critical Care (Case Mix Programme)
<ul style="list-style-type: none"> No actions required
0045 (MBBRACE-UK) Centre- Congenital diaphragmatic hernia
<ul style="list-style-type: none"> Antenatal care pathway and patient information as appendix to updated Fetal Medicine Policy (GO875) to confirm current provision
0045 (MBBRACE-UK) Centre - Perinatal mortality surveillance report - UK perinatal deaths for births from January - December 2013
<ul style="list-style-type: none"> Actions included within full Trust response.
0046 (MINAP) Acute MINAP public report 2013-14
<ul style="list-style-type: none"> Actions included within full Trust response.
0095 (NAP5) Accidental awareness during general anaesthesia in the UK - Accidental awareness during general anaesthesia in the UK & Ireland Report & Findings Sept 14
<ul style="list-style-type: none"> Develop practice guideline for use of depth if anaesthetic monitors - this is currently agreed but

informal.

- Develop practice guideline for use of propfol infusions outside of theatre for general anaesthesia.
- Implement pathway for management of Awareness under General Anaesthesia.
- Establish department database for cases of awareness, review and learn from future cases through case analysis.
- Establish clear route of referral to clinical psychology for support in event of potential post-traumatic stress disorder, following awareness.
- Present report findings to anaesthetic department for further discussion and agreed actions.

0053 - (NBOCAP) Bowel cancer audit - National bowel cancer audit 2014

- No actions required

0128 (NCEPOD) Gastrointestinal Haemorrhage (GIH) Study - Time to get control - A review of the care received by patients who had a severe gastrointestinal haemorrhage.

- Actions included within full Trust Response.

0101 (NCEPOD) Remedial factors in the care of patients who have died following lower limb amputation

- Under recommendations by Specialist commissioners, all major vascular amputation should be performed at an arterial centre. This will be RD&E. The movement of arterial surgery to RD&E is subject to the need to assure equity of access to vascular wards, theatre and ICU by all patients in the network. Furthermore, it is important to ensure that patients from Torbay will receive at least as good quality of care in Exeter as they currently receive at Torbay.
- Diabetic consultant does not currently have inpatient beds at Torbay. Currently diabetic foot problems are admitted under vascular and orthopaedic consultants. This change in policy was not discussed with vascular consultants prior to implementation. As specialist vascular commissioning will recommend that no inpatient vascular beds will remain at Torbay once reconfiguration has occurred, the Trust will need to urgently discuss with orthopaedic, vascular and diabetic consultants how these patients will be cared for.
- Prior to reconfiguration, diabetic patients admitted under vascular and orthopaedic consultants with limb threatening ischaemia or infection must be seen promptly by the diabetic team. Surgeons to refer all diabetic inpatients team by electronic referral with review within 24 hours.
- Discussion with anaesthetic and ICU teams have already occurred regarding pre-operative pain relief, use of intra-operative nerve blocks and need for escalation of care. This should be on-going.
- As relatively few amputations are performed at Torbay, it may be unrealistic to expect physiotherapists to attend a weekly MDT. There should however, be a greater readiness to involve physiotherapists early in the care of patients admitted for elective major amputation.
- In view of the potential changes with vascular reconfiguration, the role of a co-ordinator for amputee's total care should be considered. It may be that vascular specialist nurses could fulfil this role in the future
- These results were achieved before the changes to diabetic inpatient care. The Trust should consider whether it wishes to timetable attendance at diabetic foot clinics within vascular surgeons' job plan.

0129 (NCEPOD) Sepsis Study - Just say sepsis - A review of the process of care received with patients with sepsis
<ul style="list-style-type: none"> • Actions included within full Trust response.
0107 (NELA) National emergency laparotomy audit - The first Patient Report of the National Emergency Laparotomy Audit - The First Patient Report of the National Emergency Laparotomy.
<ul style="list-style-type: none"> • Actions included within full Trust response.
0026 (TARN) Severe Trauma -TARN clinical report I - Thoracic & abdominal Injuries & shocked, March 2015
<ul style="list-style-type: none"> • Actions included within full Trust response.
0026 (TARN) Severe Trauma-TARN Clinical Report II - Core measures for all patients, Boast 4 eligible fractures, open limb fractures, severe pelvic fractures
<ul style="list-style-type: none"> • Actions included within full Trust response
0066 - Cardiac arrhythmia management audit- National audit of cardiac rhythm management devices –National audit of cardiac rhythm management devices 2013-14
<ul style="list-style-type: none"> • Actions included within full Trust response
0065 Diabetes (RCPH National paediatric diabetes audit) NPDA experience survey for children & young people 2-13/14 (PREM)
<ul style="list-style-type: none"> • To increase to 100% our newly diagnosed patients with an HbA1c of less than 58mmol/mol by one year from diagnosis by initiating a care pathway for patients in the first two years of diagnosis. • To increase the number of our patients with an HbA1c of less than 58mmol/mol to 20% by March 2016 through education. • To equip our young people with the skills to confidently care for their diabetes in adult life and to audit this process. • To ensure we focus on a patient centred service where involvement and feedback from patients and families is guiding us on shaping the service in the forthcoming year.
0065 Diabetes (RCPH National paediatric diabetes audit) National paediatrics diabetes report 2013/14
<ul style="list-style-type: none"> • To increase to 100% our newly diagnosed patients with an HbA1c of less than 58mmol/mol by one year from diagnosis by initiating a care pathway for patients in the first two years of diagnosis • To increase the number of our patients with an HbA1c of less than 58mmol/mol to 20% by March 2016 through education • To equip our young people with the skills to confidently care for their diabetes in adult life and to audit this process. • To ensure we focus on a patient centred service where involvement and feedback from patients and families is guiding us on shaping the service in the forthcoming year.

0110 Multi-regional comparative audit of blood transfusion in liver cirrhosis - Multi regional audit of blood - Component use in patients with cirrhosis
<ul style="list-style-type: none"> No actions required.
0064 National childhood epilepsy audit (Epilepsy 12) - Epilepsy 12 national audit round 2 – Torbay
<ul style="list-style-type: none"> Improve documentation of first clinical assessment which should include description of the episodes, frequency and timing of episodes and documentation of general and neurological assessment - present at Departmental Audit Meeting. 2/2 children who met the criteria for a MRI scan did not have it - review of NICE guidelines and presentation at Departmental Audit meeting. Percentage of children diagnosed with epilepsy with evidence of communication regarding water safety - No documentation in 2/2 patients - action - presentation at Departmental Audit Meeting. PREM: - Overall 83% of patients who answered the questionnaire were satisfied with the care received from the epilepsy service compared to 88% across the UK. Patients feel they are not seen often enough, not enough time in the clinic. Action: If feasible increase follow up appointment time from 20 minute to 30 minutes. Better distribution of patients amongst the 2 consultants with special interest in epilepsy. Consultant to discuss with clinical manager.
0120 - National chronic obstructive pulmonary disease (COPD) audit programme - Clinical audit of COPD exacerbations admitted to acute units in England and Wales 2014
<ul style="list-style-type: none"> No action required.
0116 National prostate cancer audit - NPCA first year annual report - Organisation of services & analysis of existing clinical data
<ul style="list-style-type: none"> With respect to data collection for the prospective audit: Senior clinicians and other members of the MDT should ensure that complete and accurate data can be submitted to the NPCA for every patient with newly diagnosed prostate cancer, including data on cancer stage and tumour grade. We already are active with regular collection of WHO and ASA scores, staging and grading by enhancing the collection of data at the MDT meeting. Would need to expand formal collection of presentation symptoms, source of referral, biopsy technique, planned radiotherapy type and adjuvant androgen suppression. This should be achievable within 6 months.
0116 National prostate cancer audit -National prostate cancer audit: second year annual report 2015
<ul style="list-style-type: none"> No actions required.
0042 (NJR) National joint registry 12th annual report 2015
<ul style="list-style-type: none"> Actions included within full Trust response
0035 National neonatal audit programme – National audit report 2015
<ul style="list-style-type: none"> Actions included within full Trust response.

The reports of 61 local clinical audits were reviewed by the provider in 2015/16 and Torbay and South Devon NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Ref	Recommendations / actions
6412 Safeguarding hub enquiry forms	<ul style="list-style-type: none"> Trust staff will receive the results of the audit and be reminded to include 'the voice of the child' The Safeguarding children team will provide community staff with a briefing paper on the importance of facilitating meaningful involvement of children in the child protection system.
6423 Five priorities of care at end of life (Community - Community nursing teams)	<ul style="list-style-type: none"> The end of life team to provide training to all community staff in relation to the 'One Chance to Get it Right' document and the five priorities of care of the dying person. The end of life team to repeat training to all community staff with regards to the palliative and end of life care plan and how it relates to the five priorities. Managers to ensure that all staff are released to attend training.
6435 Nail re-growth following surgery	<ul style="list-style-type: none"> No action plan required.
6441 Five priorities of care at end of life (Community - Community hospital teams)	<ul style="list-style-type: none"> The end of life team to provide training to all community staff in relation to the 'One Chance to Get it Right' document and the five priorities of care of the dying person. The end of life team to repeat training to all community staff with regards to the palliative and end of life care plan and how it relates to the five priorities. Matrons/ Managers to ensure that all staff are released to attend training.
6358 The management of pain for femoral neck fracture in the Emergency Department (CG-124)	<ul style="list-style-type: none"> To resource regional nerve block kit in the Emergency Department to ensure staff have the right equipment to hand so regional nerve blocks can be performed.
6407 Management of renal colic in the Emergency Department	<ul style="list-style-type: none"> Education programme for junior doctors <ul style="list-style-type: none"> Incorporate renal colic management section at Induction for new junior staff to improve compliance with guidelines. Poor documentation - staff reminded that pain scores need documenting not only on attendance but after analgesia given. Patients over 60 should have AAA excluded - education needed to ensure over 60s are screened.
6413 Intravenous (IV) cannulation documentation in the Resuscitation Department	<ul style="list-style-type: none"> Implementation of Symphony should improve documentation but will be checked out by completing re-audit.
6338 Acute upper gastrointestinal (GI) bleeding - (QS-038)	<ul style="list-style-type: none"> Remind junior doctors to complete the Blatchford score through presentation. Dedicated upper GI bleeding service on weekend that does not coincide with medical rota. Opportunity to perform endoscopy in theatre on Saturday and Sunday with dedicated staff.

- Band ligation training for all endoscopists.
- Resubmit business case for endoscopy nurse on call rota.

6359 Continuation of anti-platelet therapy following upper gastrointestinal (GI) bleeds in patients (CG-141)

- Ensure patient is discussed with appropriate speciality to determine if antiplatelets should be re-started.
- Review text in Scorpio reporting to include recommendation that NSAIDS are re-evaluated in seven to ten days, after discussion with appropriate specialist team before re-commencing.
- Review Upper GI bleed Trust guideline regarding NSAID continuation.

6386 Clinical benefit analysis of quantitative neutrophil counts in diagnosis and management of spontaneous bacterial peritonitis (SBP)

- Improve our method of diagnosing SBP by sending an ethylenediaminetetraacetic acid (EDTA) bottle (purple top) with ascitic fluid during each diagnostic tap or drain and by including a request for WCC differential in the analysis of ascitic fluid.
- Improve our interpretation of this result, through education, so that samples with a neutrophil count $>250 \times 10^3/L$ are treated as SBP.
- Remind staff to chase the differential, highlight at audit meeting.
- Ensure more appropriate referrals for liver transplant are considered and decision documented in notes.

6419 NICE BCA - Human growth hormone (Somatropin) in adults with growth hormone deficiency (TA-064)

- No plan required.

6364 Perioperative management of patients taking anti-platelet therapy

- Review Trust policy and update as required.

6388 Completion of venous thromboembolism (VTE) assessments on ITU Prescription Chart

- Re-design the ITU inpatient prescription chart incorporating the re-positioning of the VTE assessment and anticoagulation prescription.

6405 Pre-operative pregabalin prescribing in total knee replacement patients

- Pregabalin dosing guidance will be amended to simplify prescribing; patients under 75 years will receive 150mg and those over 75, 75mg.

6406 Prescribing and administering pre-medication on the Surgical Admissions Unit

- Change in practice - pre-meds when not in use are now to be placed inside the same blue boxes provided for patient notes.

6263 Reverse Ileostomy

- No action plan required.

6331 Preoperative preparation for major amputation surgery

- Consider including current pain documentation on clerking/ pre assessment.

- Agree/ Set an appropriate level of pain to trigger pain team referral.

6377 Elective inguinal hernia repairs in Torbay

- No action plan required.

6369 Yttrium Aluminium Garnett (YAG) - Pre and Post procedure advice and follow up

- Remind clinicians that all cases should be discharged back to optician unless they are being followed up for other eye conditions.
- Provide information leaflet to all patients before their attendance for the treatment so that they are aware of complications including retinal detachment. In case of direct referrals from optician, the leaflet will be posted along with the appointment letter.
- Remind clinicians that there is no need to prescribe steroid eye drops unless there are risk factors such as previous uveitis.
- All optician referrals should be booked directly for laser clinic rather than general clinics.

6401 Surveillance of systemic health in diabetic eye care

- Consider the introduction of an ink stamp or check box in 'MediSoft' for systemic disease indicators.
- Develop referral protocol in conjunction with endocrinologists.

6414 Surgery for rhegmatogenous retinal detachment (RD)

- No action plan required

6415 Contact lens

- No action plan required

6420 Accuracy of horizontal squint surgery

- No action/ change required to current practice

6376 Dental radiographs

- Training to improve quality of radiographs with particular emphasis on periapical and occlusal images
- Try/ consider increasing the number of sessions with dental radiology run by specialist dental nurse (Mornings)
- Investigate the recording of and reasons for repeat x-rays.

6378 "Start" records

- The following information must be annotated on the diagnostic and sticky "treatment explanation" sheets (s) or hand written (w) in the notes for each patient:
 - Presenting complaint (w)
 - MH (s)
 - Diagnostic summary (w)
 - OH status (s)
 - IOTN (s)
 - Suitable radiograph taken (w)
 - Radiographic report (w)
 - Imps taken for study models (w)

- Risks explained (s)
- Risk factors specific to patient (e.g. small roots) (w)
- Type of appliance (w)
- Extraction if necessary (s)
- Consent (s)
- Existing pro-formas are to be used for every case and, where items are not covered by these, written entries are to be used for each new assessment of all patients. This will help to summarise and clarify this process.
- Amend and add audit criteria for re-audit.

6432 Osteoradionecrosis (ORN)

- No action plan required

6308 Evaluation of the diagnostic adequacy and safety of shoulder ultrasound

- Share results with Radiology.
- Musculoskeletal (MSK) radiologists to meet up with the three upper limb surgeons to come up with a unified way of reporting.
- To set up a prospective audit of the report and post- operative pictures.

6361 Infection in arthroplasty

- No action plan required

6362 Mortality in total knee arthroplasty

- No action plan required

6381 Elective consent on the Surgical Admissions Unit

- Present findings to surgical directorate.
- Present findings to trauma & orthopaedic directorate.
- Liaise with trauma & orthopaedic consultant to make improvements.

6422 Five priorities of care at end of life

- Increase education using teaching sessions around enquiry and documentation of LPA and ADRT.
- Continued education around eliciting and documenting spiritual, cultural and religious needs.
- Undertake a review of the way that chaplaincy input is captured in the hospital setting.
- Emphasis in teaching on recording of symptoms and response to medications.

6442 Note Keeping (2015/ 16)

- Results will be fully discussed at the Health Records Committee on 12-Jan-16 when a full, itemised action plan will be agreed to work on specific weaknesses

6345 Amblyopic patients achieving a 'Good Result' following occlusion therapy

- Produce and implement Torbay local amblyopia patching guidelines
- Introduce a summary sheet as an aid for refraction follow up and to stop occlusion when VA stable.
Sheet to be authorised through the Health Records Committee
- Present audit to main Ophthalmology Governance and Audit meeting.

6327 Local recurrence following neoadjuvant chemotherapy and breast conserving surgery
<ul style="list-style-type: none"> No action plan required
6374 Weight of benign biopsies in breast surgery
<ul style="list-style-type: none"> No action plan required
6383 Autism (assessment) in children and young people (CG-128)
<ul style="list-style-type: none"> No action plan required
6384 Diarrhoea and vomiting in children (CG-084)
<ul style="list-style-type: none"> Implement revised guideline and fluid management tool with parental information sheet.
6394 Weight loss management in the new-born
<ul style="list-style-type: none"> Present findings at the Supervisors of midwives meeting. Formal training sessions to take place during May 2015 to highlight the importance of following the weight loss policy for Maternity and SCBU staff. Amend weight loss policy ref: 0905 to include that high risk babies be weighed on day two.
6395 Neonatal Jaundice (CG-98)
<ul style="list-style-type: none"> Raise awareness by presenting findings during the nursing group meeting on 10-Jun-15. Explore feasibility of adding "information given and six hourly bilirubin monitoring" box to the Badger net system.
6397 Strategy, location and timeliness of child protection medicals
<ul style="list-style-type: none"> To enable more photos to be taken obtain a camera and accessories. Store images appropriately - obtain Caldicott Guardian approval. Produce protocol for the use of the camera. Arrange more daytime assessments by the use of dedicated clinic space & reorganisation of clinics. Present audit data to Torbay Social Services and Devon Social Services.
6404 Neonatal Sepsis (CG-149)
<ul style="list-style-type: none"> NEWS charts now available for preterm babies at various levels of dependency. (Completed) Explore option of adding sepsis information leaflet to standard discharge pack and feasibility of adding "information given" box to the Badger net system.
6242 Inpatient Care of Young Persons with Eating Disorder
<ul style="list-style-type: none"> Inform nursing staff that they must weigh patients on admission rather than rely on weight from previous clinic. Share results with nursing staff during training meetings. Amend guideline to include a more detailed vitamin supplement regime.
6425 Paediatric Head Injury (CG-176)
<ul style="list-style-type: none"> Liaise with SD (Ward Manager) to arrange informing/ education of nursing staff about standards for neurological observations in head injury, in particular the frequency of observations.
6426 Headaches in young people (CG-150/ QS-42)
<ul style="list-style-type: none"> Develop local headache guideline incorporating NICE recommendations for:

- the use of a headache diary
- combination therapy with triptan and either a non-steroidal anti-inflammatory drug (NSAID) or paracetamol (young people aged 12-17 years a nasal triptan should be considered in preference to an oral triptan)
- use of an anti-emetic
- Develop an information leaflet for patients with a primary headache disorder to highlight the risk of medication overuse.

6389 Vaginal mesh for prolapse

- No actions required

6402 Clomid (CG-156)

- No actions required

6403 Assisted vaginal birth

- Educate post natal ward staff about:
 - Bladder care - documentation to include time and volume
 - Documentation of leaflets given to patient
- Educate SHOs and Registrars re debrief and documentation of leaflets given by emailing all relevant staff.
- Discuss which patients need a fluid balance chart at governance.
- Discuss at delivery suite clinical governance meeting the discharging of women who have had an epidural before 12hrs.
- Review debrief stickers.

6417 Antibiotics for Neonatal Infection

- Highlight the use of NEWS chart at team leaders meeting.
- Highlight the use of NEWS chart by addition to the clinical governance newsletter.
- Clarify process for verbal orders of antibiotics in emergency situation.

6428 Multiple Pregnancy and Birth (CG-129)

- Proforma to be updated regarding documentation of discussions/ information given to patient.
- Consideration of aspirin to be added to proforma.
- Proforma to be started at 12/40 scan appointment.
- Add the preferences for delivery to the proforma – to be updated as preference changes.
- Update cord gases policy.
- Add FBC at 20 and 28 weeks to proforma.

6429 Management of gestational diabetes

- No actions required

6430 Recurrent miscarriage

- No actions required

6449 Administration of second Propess

- Finalise the update of the induction of labour policy. (0252)

- Consider possible use of balloon dilation of cervix more often e.g. Foley catheter or Cook balloon device before giving another Propress.
- Disseminate findings to staff through team leaders meeting.
- Disseminate to staff via mandatory training.
- Include in the next clinical governance newsletter.

6363 Accuracy of imaging metal-on metal hip prostheses and their complications

- Discuss/ share results with Orthopaedics, establish, if happy with accuracy, to move away from ultrasound.
- If above agreed, to change Trust policy to MRI on the new scanner and stop doing US.

6367 Management of scaphoid fractures in Emergency Department

- Education needed to ensure Emergency Department doctors are requesting MRI as second imaging choice.

6372 Evaluating the performance of the 18+ to 20+6 weeks fetal anomaly scan

- No action plan required.

6398 Safe and effective use of 'ExperGuide' biopsies

- No actions required.

6409 Special Care Baby Unit (SCBU) Radiology

- Education for paediatric doctors regarding request of routine SCBU Chest X-Rays and repeat intervals.
- Training for SCBU nursing staff to improve positioning and decrease holders hands.
- Refresher neonatal portable chest training for radiographers to reinforce guidelines.
- Training package for all new Radiology staff.

6438 Benign breast disease: Imaging classification in the symptomatic service

- No actions required.

6439 Malignant breast disease: Imaging classification in the symptomatic service

- No actions required.

6393 Management by Torbay Sexual Medicine Service of patients diagnosed with gonorrhoea

- Change local practice in terms of first line treatment. Consensus to be reached & disseminated accordingly.
- Lilie (computer system) template to be created to help structure management and ensure good practice.

6396 Management of complainants of sexual assault within Torbay Sexual Medicine Service

- Revise templates on Lilie and amend to ensure that drop-downs have appropriate options.
- E-mail all clinicians to reiterate the need for all patients:
 - To see health advisor. If they decline, record the reason why
 - To have a mental health assessment
 - Under 18 to have appropriate safeguarding assessment
- Organise for an external speaker to attend lunch time meeting to talk about mental health assessments.

- Feedback results to outreach team.

The reports of 3 national confidential enquiries were reviewed by the provider in 2015/16 and Torbay and South Devon NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

0045 (MBBRACE-UK) Centre - Perinatal mortality surveillance report - UK perinatal deaths for births from January - December 2013

- To continue with the stillbirth audit.
- To highlight to all staff the importance of offering a Post-mortem examination and the rationale- Newsletter.
- To review data from the perinatal institute on local detection rates of SGA – antenatal and postnatal clinical governance meetings.

0128 (NCEPOD) Gastrointestinal haemorrhage (GIH) Study - Time to get control - A review of the care received by patients who had a severe gastrointestinal haemorrhage.

A detailed Trust response to the report was provided. Actions include:

- A care pathway/ guideline for lower gastrointestinal bleeding.
- Improve transfer and repatriation of patients requiring TIPS to manage variceal bleeding.
- Improve case findings of all deaths from gastrointestinal bleeding within 30 days of admission.

0129 (NCEPOD) Sepsis Study - Just say sepsis - A review of the process of care received with patients with sepsis

A Trust response looking at all of the report recommendations was provided but most of the actions relating to the recommendations were already in hand. The actions that needed to be implemented are shown below

- A rapid assessment area is now being utilised to improve the time to first set of observations and first assessment.
- The Health community are devising as single entry point to acute and intermediate care pathways that uses EWS as a standard dataset to ensure adequate assessment of sepsis risk.
- Pilot work is currently being undertaken on Midgley ward looking at approaches to a more standardised Mortality and Morbidity approach that reviews all in hospital deaths.
- Junior doctors completing death certification should always discuss with a senior colleague to clarify exactly what should be on the death certificate.

Research

The number of patients receiving relevant health services provided or sub-contracted by Torbay and South Devon NHS Foundation Trust in 2015/16 that were recruited during that period to participate in research approved by a research ethics committee was 1,503.

Participation in clinical research demonstrates Torbay and South Devon 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.

Torbay and South Devon NHS Foundation Trust was involved in conducting 322 clinical research studies during 2015/16 in 31 specialities

During 2015/16 76 clinical staff participated in approved research at Torbay and South Devon NHS Foundation Trust. These staff participated in research covering 31 specialties.

In the past year more than nine 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 Torbay and South Devon 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.

Selection of research studies: 2015/16

PD REHAB: A national multicentre randomised controlled trial to assess the clinical and cost effectiveness of physiotherapy and occupational therapy in Parkinson's disease.

The study showed that NHS physiotherapy and occupational therapy did not produce immediate or long-term clinically meaningful improvements in activities of daily living or quality of life in mild to moderate Parkinson's disease. This evidence does not support the use of low dose, patient centred, goal-directed physiotherapy and occupational therapy in patients in the early stages of Parkinson's disease and recommends future research should include the development and testing of more structured and intensive physiotherapy and occupational therapy programmes in patients with all stages of Parkinson's disease.

The ProFHER study: a national multicenter randomised controlled trial evaluating the clinical and cost-effectiveness of surgical compared with non-surgical treatment for proximal fracture of the humerus in adults

Torbay Hospital was one of 33 UK centres to take part in this national study. Fracture of the proximal humerus (the top part of the upper arm bone) is common, particularly in older adults; but there is considerable variation in the management of displaced proximal humeral fractures involving the surgical neck. The study showed there was no significant difference between surgical treatment compared with nonsurgical treatment in patient-reported clinical outcomes over 2 years following fracture occurrence and therefore does not support the trend of increased surgery for patients with displaced fractures of the proximal humerus.

Clavical Trial: a national multicentre randomised controlled trial of conservative management vs. open reduction and internal fixation of midshaft clavicle fractures

This is the largest and to date most conclusive research study undertaken. The study showed that open reduction and internal fixation (ORIF) for displaced, midshaft clavicle fractures is a safe and effective treatment with improved early outcomes with significantly higher union rates (at 9 months) and patient satisfaction compared with non-operative treatment. The results support the indication for surgery in these fractures.

CATHETER study: A national multicentre randomised controlled trial comparing antimicrobial catheters for the reduction of symptomatic urinary tract infections in adults requiring a short term catheterisation in hospital.

Catheter associated urinary tract infection (CAUTI) is a major preventable cause of harm for patients in hospital. The study was looking at whether short term use of antimicrobial catheters reduced the risk of such infections compared to standard polytetrafluoroethylene (PTFE) catheterisation. Participants were randomly allocated to receive a silver alloy-coated catheter, a nitrofurantoin-impregnated catheter or a PTFE catheter (control group). The results showed the anti-microbial (silver alloy) catheters were not effective for reducing incidence of symptomatic CAUTI. The reduction noted in CAUTI associated with nitrofurantoin impregnated catheters was less than that regarded as clinically important. Routine use of antimicrobial catheters is not supported by this trial.

UK MRC QUARTZ trial: a national multicentre randomised controlled trial evaluating whole brain radiotherapy for brain metastases from non-small cell lung cancer

The only large randomised trial looking at the addition of Whole Brain Radiotherapy (WBRT) to current best optimal supportive care with dexamethasone therapy; for patients with brain metastases from Non-Small Cell Lung Cancer (NSCLC). The study showed that it was possible to collect detailed Quality of Life (QoL) data in this poor prognostic group; but that WBRT provides no additional clinically significant benefit compared to optimal best supportive care plus dexamethasone alone, showing similar overall median survival (9.3 weeks vs. 8.1 weeks) and similar Quality Adjusted Life Years (QALYs) (43.3 days vs. 41.4 days).

The IRIS study: An international multicentred randomised controlled trial

Patients with Ischemic stroke or Transient Ischemic Attack (TIA) are at an increased risk for future cardiovascular events despite current preventative therapies. The identification of insulin resistance as a risk factor for stroke or myocardial infarction raised the question could Pioglitazone, a drug which improves insulin sensitivity, benefit patients with cerebrovascular disease or not. The results from this international study showed that the risk of stroke or myocardial infarction was lower among patients who received the drug pioglitazone than among those who received placebo. Pioglitazone was also associated with a lower risk of diabetes but with higher risks of weight gain, edema and fracture. The study shows the importance of considering individual treatment preference and risk of drug related adverse events in addition to potential benefits when making patient specific decisions regarding therapy.

Measurement of serum nitrate concentration for the diagnosis of infective gastroenteritis

This single centre study led by and conducted at Torbay Hospital aimed to investigate whether the increase in nitrate concentration in patients with gastroenteritis is related to a bacterial or viral pathogens being present in stool samples. The study results suggest that serum nitrate concentration is a specific marker for bacterial gastroenteritis, suggesting that the spectrophotometric method could serve as a high throughput assay to screen patients for bacterial infective gastroenteritis, particularly *Campylobacter*, and where serum nitrate reflects the severity of symptoms.

CQUIN payment

A proportion of Torbay and South Devon NHS Foundation Trust income in 2015/16 was conditional on achieving quality and improvement and innovation goals agreed between Torbay and South Devon 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.

Further details of the agreed goals for 2015/16 and for the following 12 month period are available in annex 3 or electronically at: www.torbayandsouthdevon.nhs.uk

Details of the 2015/16 CQUINs can be found in this report.

In 2015/16 the potential value of the CQUIN payment was £4,727,000 and income subsequently received was £4,600,000. In 2014/15 the potential value of the CQUIN payment for the acute trust was £4,449 000 and the income subsequently received was £4,409 000.

In 2016/17 the value of the CQUIN payment is £4,643 000.

Care Quality Commission

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

- Accommodation for persons who require nursing or personal care
- Diagnostic and screening procedures.
- Family planning services.
- Management and supply of blood and blood derived products.
- Maternity and midwifery services.
- Personal Care
- Surgical procedures.
- Transport services, triage and medical advice provided remotely.
- Treatment of disease, disorder or injury.
- Termination of pregnancy.

Torbay and South Devon NHS Foundation Trust has no conditions on registration.

The Care Quality Commission has not taken enforcement action against Torbay and South Devon NHS Foundation Trust during 2015/16.

Torbay and South Devon NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

The Trust received two unannounced visits from the Care Quality Commission during 2015/16 as part of its routine monitoring programme.

The Trust received a comprehensive inspection in February 2016. The Trust has received initial feedback and also a requirement notice relating to concerns raised in our Emergency Department.

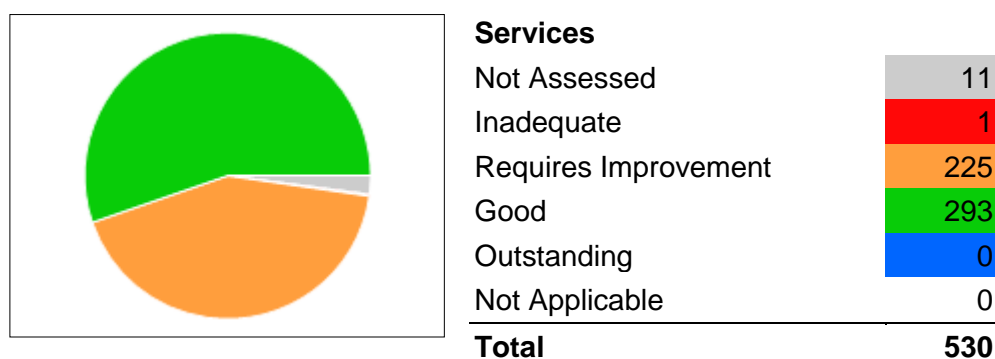
The areas of concern focused on three areas:

- Time to initial triage and assessment
- Monitoring and action regarding early warning scores and sepsis
- Staffing within the resuscitation area and paediatric area

The Trust has responded to this notice and has submitted a robust and accepted action plan to CQC which has also been shared with the Trust Board and our local commissioning group.

The Trust's self- assessment at this current time of writing this report remains as it was at the time of the CQC inspection in February and is as follows:

Torbay and South Devon Foundation Trust – self assessment



CQC Domains						
1. Is it safe?	2	0	50	54	0	0
2. Is it effective?	2	0	51	53	0	0
3. Is it caring?	2	0	12	92	0	0
4. Is it responsive?	2	1	53	50	0	0
5. Is it well led?	3	0	59	44	0	0
Total	11	1	225	293	0	0

A Trust update will be provided, prior to final publication of the Account.

Data quality

Providing accurate data is a pre-cursor to driving evidence-based change in health and social care. Data underpins our ability to measure how well we are doing and where we need to improve. By monitoring, understanding and continually improving the quality of our data, we can place increased confidence in the decisions based upon them. As the pace and scale of change required of the NHS increases, the relative importance of ensuring a reliable, stable and trusted data repository also increases.

Torbay and South Devon NHS Foundation Trust has formed an Information Assurance Group to monitor, assess and recommend actions to improve the quality of our data assets. Reporting to executive directors, through a standing committee of the Board (*Information Management & Technology*, this group includes senior representatives from the clinical, operational, finance and performance-information professions. Its remit is to provide assurance that information reported is fit for purpose; of known accuracy and that any risks to reporting are captured, managed and clearly communicated.

As care pathways grow ever more complex, they increasingly span multiple information systems and organisations. The process of managing data quality therefore has to evolve. The Information Assurance Group is therefore also tasked with:

- Understanding the consistency of data representation between systems.
- Building assurance that data processing streams maintain the integrity of the data processed.
- Ensuring that information systems owners manage the lifespan of their data and reference tables effectively.
- Accurately capturing how services are represented by data are accurately captured.

NHS number and general practitioner registration code

Torbay and South Devon NHS Foundation Trust submitted records during 2015/16 to the Secondary Users' service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data:

which included the patient's valid NHS number was as:

- 99.6% for admitted care.
- 99.8% for outpatient care.
- 99.3% for accident and emergency care.

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

- 100.0% for admitted care.

- 100.0% for outpatient care.
- 99.5% for accident and emergency care.

Data reported as of January 2016 (Month 10).

Information governance

Torbay and South Devon NHS Foundation Trust information governance assessment report overall score for 2015/16 was 84% and was graded green. The Trust will take the following actions to improve the score including:

- Developing a more formal information security risk assessment and management programme.
- Offering a range of different delivery methods for information governance training.
- Understanding how our information and data is used post integration by undertaking a more detailed data mapping exercise.

Clinical coding

Torbay and South Devon NHS Foundation Trust was not subject to the payment by results clinical coding audit during the reporting period by the Audit Commission.

Data quality improvements: looking back

Torbay and South Devon NHS Foundation Trust committed to take the following actions to improve data quality in 2015/16 which are noted alongside the actions taken below.

2015/16 data quality objectives

- Implement the new emergency department IT system by August 2015.

The new IT system was introduced in July 2015. Work is ongoing to ensure that everyone within the Emergency Department is using the system

- Implement the clinical portal across the hospital to support clinical teams accessing patient information by October 2015.

The clinical portal has been deployed for clinical assurance to the heart failure team. This will result in full rollout in 2016/17..

- Review health record documentation used on the wards and introduce standardised forms for admission and discharge by October 2015. The creation of a central corporate clinical documents forms library will also be undertaken as part of this activity.

We incorporated the community element as part of the integrated care organisation. This is in pilot with wards. After the pilot and feedback has been collected and actioned, we will roll out standardised forms across the Trust.

- Integrate the performance reports combining both acute and community information by March 2016.
At board level, the Trust now receives an integrated performance report. It is also shared at senior clinical and management meetings.
- Publish a business intelligence strategy for the newly developed integrated care organisation by October 2015. This will include a review of data quality.

We have established a business intelligence reporting group which is led by the Director of Strategy and Improvement. The group is finalising the business intelligence strategy which will be implemented in the next 12 months.

- Reduce the number of clinical coding errors by acting on the audit recommendations from the clinical coding audit and re-auditing in autumn 2015.

The audit recommendations have been implemented. This has resulted in an overall improvement with a 9.1% improvement in secondary procedures.

- Undertake three data quality audits in 2015/16 reporting provisional findings by April 2016. These data quality audits are reported below.

Internal Audit data quality audits 2015/16

Cancer – 31-day wait for second or subsequent treatment – Drug

Audit conclusion: Low risk

The Infoflex system monitors the “Cancer – 31-day wait for second or subsequent treatment – Drug” indicator using dates in line with the HSCIC guidance. The data within the Infoflex system was supported by the data held within PAS for all appointment dates and for 95% (38/40 cases) of decision to treat dates. Although data is reported consistently between the different internal and external reports, the figures reported did not match the source data provided as part of the audit for the two months checked. An investigation of this discrepancy is suggested to establish if there was any underlying issue with the data provided.

Audit recommendation:

The Trust should follow up on discrepancies between the source data within Infoflex reports provided as part of the audit and the corresponding figures reported. The cause for the discrepancies should be reviewed to establish if this was just an anomaly or indicative of a bigger issue.

Cancer – 62-day wait for first treatment – from consultant screening service referral

Audit conclusion: Low risk

The Infoflex system monitors the “Cancer – 62-day wait for first treatment – from consultant screening service referral” indicator in line with the HSCIC guidance. The data used to monitor the indicator within Infoflex, was found to match the source data as recorded within PAS for the majority of cases (44/45 cases). We identified a discrepancy between the treatment start dates recorded within the two systems for a single case. The impact of this was negligible as the referral date within Infoflex was recorded at an earlier date than the referral date within PAS and the use of either date would not have caused a breach. The reporting of this indicator was found to be appropriately and consistently reported between internal and external sources

Audit recommendation:

The Trust should follow up on the single identified discrepancy between the referral received dates as recorded within PAS and Infoflex, make any required changes and identify the cause to establish if this is a one-off case or if it may be indicative of a bigger issue.

Cancelled patients not treated within 28 days of cancellation

Audit conclusion: Low risk

The data used to populate the performance indicator for “cancelled patients not treated within 28 days of cancellation” is collated accurately and reported correctly and consistently both internally and externally. The process used to collate this data includes some manual steps as there are some data inaccuracies and lack of completeness/clarity within the reason and assigned responsibility fields as recorded within PAS.


Audit recommendations:

The Trust should ensure that the assigned responsibility for cancelled appointments as recorded within PAS is accurately completed. Consideration should be given to applying fixed fields to both assigned responsibility and cancellation reason that are linked. i.e. if the assigned responsibility is recorded as the hospital, then there could be a selection of possible reasons included within a dropdown list.

The Trust should ensure that the reason for cancellation within PAS is completed to a sufficient level of detail.

Data quality improvements: looking forward

Torbay and South Devon will be taking the following actions to improve data quality in 2016/17:

- To publish and implement the business intelligence strategy.
- Create a baseline audit of information asset owner data-quality awareness and maturity by quarter two 2017 (*repeat every 12 months*)
- Create a data vault '*one version of the data*' to warehouse the different information which we collect. This will enable us to create many different timely reports to support improvement and change.
- Act on the recommendations of three quality audits undertaken by the external auditor in May 2016 as part of the Trust's annual Quality Account.
 - Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge. 
 - Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period.
 - Percentage of carers' assessments completed for all people who received support services in the community – governor indicator (target 40% and actual 43%). With the integration of acute and community services, a community indicator was chosen to compliment the two national acute indicators. It is the percentage of unpaid carers who have received an assessment during the year, out of all the people who receive community based care services during the year.

Mandated quality indicators

As part of the annual Quality Account the Trust is required to report against a number of mandatory quality indicators. These are described below.

Domain 1 Preventing people from dying prematurely

Summary hospital level mortality indicator

	October 14 – September 15	October 13 - September 14	October 12 - September 13
SHMI TSD - Benchmark national benchmark 1.00	0.812	0.995	0.925
National High - Low	1.17 - 0.65	1.19 - 0.59	1.18 - 0.63
Band (Band 2 = as expected Band 3 = lower than expected)	3	2	2
Observed deaths	1866	1632	1589
Expected deaths	2298	1640	1716
Spells	45336	38875	38883

Source of information: HSCIC

The summary hospital-level mortality Indicator, or SHMI, is a measure of the number of patients that have died in hospital or within 30 days of being discharged from hospital. SHMI takes into account a number of factors including a patient's condition.

The SHMI score is measured against the NHS average which is 1.0. A score below 1.0 denotes a lower than average mortality rate and indicates good, safe care. The SHMI data is published in arrears.

The highest Trust score is 1.17 and the lowest Trust score is 0.65. There is no national average.

The Trust is performing better than the national benchmark. The SHMI calculation for this latest period is based on the new ICO organisation reflected in the increased number of inpatient spells recorded against the latest published data.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Compliance with data standards for this indicator

Torbay and South Devon NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:

- Monthly monitoring through the Quality Improvement Group who maintain oversight of mortality and clinical coding exceptions that may be identified from Dr Foster benchmarking.

Palliative care coding (contextual indicator for SHMI)

	October 14 - September 15	October 13 - September 14	October 12 - September 13
Palliative care coding % deaths	18.9	18.6	16.9
England average	26.6	25.4	20.9
High	53.3	49.4	44.9
Low	0.2	7.5	2.7

Source of information: HSCIC

The highest Trust score is 53.3% and the lowest Trust score is 0.2%. The national average is 26.6%.

The number of deaths recorded as coded to palliative care within the Trust has remained within normal range and is below the national average. The latest palliative care figures is based on the new ICO organisation. There has been no measurable impact.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Compliance with data standards for this indicator

Torbay and South Devon NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:

- Monthly monitoring through the Quality Improvement Group who maintain oversight of mortality and clinical coding exceptions that may be identified from Dr Foster benchmarking.

Domain 3 helping people to recover from episodes of ill health or injury

PROMS – Patient Reported Outcome measures

Hip replacement	April 14 - March 15	April 13 - March 14	April 12 - March 13
Adjusted Health gain score	0.422	0.417	0.437
National average	0.0437		
Highest Trust performance	0.33		
Lowest Trust performance	0.523		
Knee replacement			
Adjusted Health gain score	0.309	0.338	0.329
National average	0.315		
Highest Trust performance	0.418		
Lowest Trust performance	0.204		
Groin Surgery			
Adjusted Health gain score	* Low numbers data not published	0.073	0.083
National average	0.083		
Highest Trust performance	0.148		
Lowest Trust performance	0.02		
Varicose Vein surgery	* Low numbers - Trust data not published	* Low numbers - Trust data not published	* Low numbers - Trust data not published

Source of information: HSCIC

The PROM data is published nationally in arrears. Against the published data the patient reported outcomes for the Trust April 14 – March 15 are all close to the national average. The highest, lowest and national average figures are all shown in the table above.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is collected and reported by the Department of Health.

Torbay and South Devon NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:

- Continuing to support patient participation in the national PROM survey. We maintain regular contact with the contractor conducting the PROMS survey and work with them to ensure participation rates are achieved and maintained.

Patients readmitted to a hospital within 28 days of being discharged

	April 14 - March 15	April 13 - March 14	April 12 - March 13
0-15 years old			
% readmissions	6.96%	5.63%	5.37%
Benchmark national benchmark 100	94.38	82.06	78.71
=>16 years old			
% readmissions	7.47%	7.52%	7.98%
Benchmark national benchmark 100	95.17	94.37	97.37

Source of information: Dr Foster

There is no high or low rate for a Trust or an average. The benchmark is 100. Although the benchmark rate for all age groups remains better than the national average, the 0-15 age group has seen an increase in the percentage of patients readmitted within 28 days. This is in part as a result in the setting up of the paediatric short stay assessment unit where there is an increased likelihood of admission. This has led to an overall increase in paediatric admissions and a small number of readmissions. Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Compliance with national data standards.

Torbay and South Devon Foundation Trust has taken the following actions to reduce this rate, and so improve the quality of its services through:

- Ensuring clinical discharge and admission thresholds are maintained.
- Ensuring safe staffing levels.

Domain 4 Ensuring people have a positive experience of care

Overall patient experience

- **Inpatient survey**

Between September 2014 and January 2015, a questionnaire was sent to 850 recent inpatients. The survey was published in December 2015 and overall performance is shown below.

There is no comparator with previous years as this is the first inpatient survey as an integrated care organisation. There is no worst or best performing trust or a national average.

Patient survey	Patient experience	Compared with other trusts
Overall view of inpatient services (for feeling that overall they have a good experience)	8.2/10	About the same

Source of information: CQC

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is reported nationally and to the Trust Board.

Torbay and South Devon Foundation Trust has taken the following actions to reduce this rate, and so improve the quality of its services through:

- Learn from feedback received and action changes
- Use real time feedback to augment the national inpatient survey

We also received the results of two other national health care surveys:

- **Maternity survey**

During the summer of 2015 a questionnaire was sent to all women who gave birth in February 2015. The survey was published in December 2015 and overall performance is shown below

Patient survey	Patient experience	Compared with other trusts
Labour & birth	9.2/10	About the same
Staff during labour & birth	8.7/10	About the same
Care in hospital after birth	7.7/10	About the same

Source of information: CQC

- **Children & young people**

A questionnaire was sent to all children and young people who received inpatient or day case care during July, August and September 2014. The survey was published in summer 2015. The overall performance is shown below. Only one area has been identified as needing improvement and this was privacy.

Patient survey	Patient experience	Compared with other trusts
Overall experience (children saying overall experience is good)	8.0/10	About the same
Overall experience (Parents and carers saying their child's overall patient experience was good)	8.4/10	About the same

Source of information: CQC

Staff survey: staff recommendation of the Trust as a place to work or receive treatment

Staff survey – unweighted results	2015
Torbay and South Devon NHS Foundation Trust	3.91
England average score	3.72

Scoring scale

1= strongly disagree
5= strongly agree

Source of information: CQC

There is no Trust comparison for previous years as this data is for the new integrated care organisation. In 2015/16 the national average for acute Trusts is 3.72. The best score for all Trusts is 4.26. The lowest performing Trust is 3.02.

The Trust is performing better than the average England score.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is reported nationally and to the Trust Board.

Torbay and South Devon NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:

- Detailed action plan developed for areas of improvement

Staff survey: % of staff believing that the Trust provides equal opportunities for career progression & promotion

Staff survey – unweighted results	2015
Torbay and South Devon NHS Foundation Trust	88%
England average score	86%

Source of information: CQC

In 2015/16 the national average for acute Trusts is 86%. The highest score for all Trusts is 95%. The lowest performing Trust is 60%. There is no Trust comparison for previous years as this data is for the new integrated care organisation.

The Trust score is 88% in 2015 and the survey was undertaken as the integrated care organisation. There is no comparative data therefore for previous years.

The Trust is performing better than the average England score.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is reported nationally and to the Trust Board.

Torbay and South Devon NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:

- Detailed action plan developed for areas of improvement.

Staff survey: Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months

Staff survey – unweighted results	2015	2014
Torbay and South Devon NHS Foundation Trust	24%	n/a
England average score	25%	

In 2015/16 the national average for all Trusts was 25%. The best score for all Trusts was 13%. The lowest performing Trust was 42%. The Trust score was 24% in 2015. This is the score from the newly integrated care organisation. There is no comparative data therefore for previous years

The Trust is performing better than the average England score.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is reported nationally and to the Trust Board.

Torbay and South Devon NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:

- Detailed action plan developed for areas of improvement.

Domain 5 - Treating and caring for people in a safe environment and protecting them from avoidable harm

Patients admitted to hospital who were risk assessed for venous thromboembolism

	Q3 2015_16	Q4 2014_15	Q4 - 2013_14
% VTE assessed UNIFY return	96%	87%	94%
National standard	95%	95%	95%
Highest performing	100%		
Lowest performing	61.50%		

Source of information: HSCIC

The Trust is achieving the required the standard for the assessment of VTE on admission to hospital.

The highest performing Trust is 100% and the lowest performing Trust is 61.5%. The national standard is 95%.

Torbay and South Devon NHS Foundation considers that this data is as described for the following reasons:

- Information is reported nationally and to the Trust Board.

Torbay and South Devon NHS Foundation Trust has taken the following actions to improve this score and so the quality of its services, through addressing areas requiring improvement:

- Local case note audits have supported improved reporting.
- Data quality checks have allowed further case note audits to be undertaken to ensure that the discharge summaries are updated for reporting purposes.

Rate of C. difficile infection

<i>C.difficile rate per 100,000 bed days – 2yrs and over</i>	April 14 - March 15	April 13 - March 14	April 12 - March 13	April 11 - March 12
South Devon Healthcare NHS Foundation Trust	17.7	12.6	16.9	19.9
Nationally set target for the trust	15.1	14.7	17.4	22.2
Best performing	2.6	1.2	1.2	1.2
Worst performing	62.2	37.1	31.2	58.2

Source of information: HSCIC. Data is published in arrears-no 15/16 data yet available via the HSCIC portal

In 2014/15 the C.difficile rate per 100,000 bed days increased to 17.7 from 12.6 the previous year and exceeded the overall national rate. The national rate also increased in for the first time after a period of steady reduction year on year.

The best performing trust was 2.6 and the worst performing trust as 62.2. The national average is 15.1.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information reported nationally via the Trust Performance and Information Team.

Torbay and South Devon NHS Foundation Trust has taken the following actions to reduce this rate, and so improve the quality of its services through:

- Each of these cases undergoes a root cause analysis and is classified as either a 'lapse in care' or 'no a lapse in care'. The root cause analysis where a lapse in care is identified is used to inform the infection control group for onward action.

Number of patients safety incidents recorded

	April 15 - March 16	April 14 - March 15	April 13 - March 14	April 12 - March 13
Number of incidents reported	6979	5546	5188	4506

Source of information: safeguard/datex

The number of incidents reported over the last 12 months has increased as we included the community and acute incidents together from October 2015.

From April 2012 to March 2015 this is Torbay Hospital information only.

There is no highest or lowest performing trust or national average.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is recorded on trust incident reporting systems.

Torbay and South Devon NHS Foundation Trust has taken the following actions to improve this number, and so the quality of its services through:

- Continue to positively promote incident reporting within the Trust to all staff.

Number and % of patient safety incidents that have resulted in severe harm or death

	October 14 March 15	April 14 - Sept 14	October 13 - March 14	April 13 - September 13
Number of incidents severe harm or death	7	1	3	4
Rate per 100,000 population	0.11	0.02	0.01	0.16
% of all incidents	0.24%	0.05%	0.16%	0.16%

Source of information: HSCIC

Nationally, published data has been released to March 2015 and shows pre integrated care organisation incidents and rates. The information shown is for Torbay Hospital only.

For the period Oct 14 - March 15 the highest performing acute (non-specialist) trust for incidents resulting in severe harm or death was 2.93 and the lowest was 0.0. The average was 0.28.

Torbay and South Devon NHS Foundation Trust considers that this data is as described for the following reasons:

- Information is recorded on Trust incident reporting system and reported nationally.

Torbay and South Devon NHS Foundation Trust has taken the following actions to reduce this number, and so the quality of its services through:

- The Trust continuing to work with all teams to ensure all incidents are reported accurately and in a timely way and that all national reporting requirements are complied with.
- All incidents of 'major' and 'catastrophic' harm are formally reviewed with action plans monitored through the serious adverse events group.

Part 3: Our performance in 2015/16

Overview

Torbay and South Devon NHS Foundation Trust was formed in October 2015 as a result of the acquisition of Torbay and South Devon Health & Care Trust by South Devon Healthcare NHS Foundation Trust. The new integrated care organisation 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 across Torbay and South Devon. Currently, we are accountable to:

- Monitor, our regulator.
- The Care Quality Commission (CQC).
- The commissioners via the various health contracts.
- The Local Authorities for social care.
- 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.

Performance reports are provided monthly to the Finance Committee and the Board. These reports cover all the key national and local performance standards to provide assurance to the Board about the quality of our care. From October 2015 we now include a range of community and social care indicators such as timeliness of adult social care placements and children with a child protection plan.

We have established four service delivery units covering medicine, surgery, community and women, children, diagnostics and therapies. Each of these units meet with the executive team on a two monthly basis to review their quality and performance dashboards. Areas for improvement are identified and issues escalated to the Board where necessary.

We meet with commissioners to share information, provide updates and to review our performance monthly. Our regulator 'Monitor' requires a quarterly performance assessment against the performance standards set out in their risk assessment framework. This is published on the internet for the public to view.

Monitor rating at a glance for the trust

Financial sustainability risk rating 2

Governance rating Green

Source: Monitor website 13/4/16

Ratings key:

Financial 1-4 . 1= most serious risk

Overview of the quality of care based on trust performance

With the integration and the creation of a new care organisation, the Trust is required to report against an additional community indicator on data completeness. Currently compliance against this standard is not being reported as the information systems required to provide the assurance are not in place.

Performance against Monitor's requirements

Indicator/Target	Quality indicator	Source of information	Target 15_16	15-16	14_15	13_14
C.difficile year on year reduction	Safety	Trust Infection Control team	11	10**	4**	17
Cancer 31 day wait from diagnosis to first treatment	Effectiveness	Monthly National Cancer Return	96%	98%	98%	98%
Cancer 31 day wait for second or subsequent treatment: surgery	Effectiveness	Monthly National Cancer Return	94%	94.7%	97%	98%
Cancer 31 day wait for second or subsequent treatment: drug treatments	Effectiveness	Monthly National Cancer Return	98%	100%	100%	99%
Cancer 31 day wait for second or subsequent treatment: radiotherapy	Effectiveness	Monthly National Cancer Return	94%	96.3%	98%	97%
Cancer 62 day wait for first treatment (from urgent GP referral)	Effectiveness	Monthly National Cancer Return	85%	89.6%	89%	90%
Cancer 62 day wait for first treatment (From consultant led screening service referral)	Effectiveness	Monthly National Cancer Return	90%	96.9%	93%	97%
Cancer two week wait from referral to first seen date	Effectiveness	Monthly National Cancer Return	93%	96.3%	96%	95%
Cancer breast symptoms two week wait from referral to first seen date	Effectiveness	Monthly National Cancer Return	93%	97.4%	95%	96%
A&E – total time in A&E	Experience	Symphony	95%	87%	87%	96%
Referral to treatment incomplete pathways	Experience	IHCS	92%	91.6%	93%	96%
Data completeness: community services	Effectiveness	n/a	50%	Not reported		

**** c-diff - Only cases confirmed as lapse in care count towards target (New measure 2014/15).**

Figures from 13-14 to 14-15 are South Devon Healthcare NHS Foundation Trust figures prior to integration

Performance exceptions in 2015/16

In 2015/16 the Trust has reported underperformance against the following monitor risk assessment framework indicators:

1. Four hour standard from Emergency Department arrival to admission or discharge in 15-16 was 87%.
2. Referral to Treatment (RTT) incomplete pathways. The target is for 92% or more of patients waiting for treatment to be waiting less than 18 weeks from referral.
3. Data completeness: community services. Currently this is not reported.

Total time in Emergency Department as measured against the four hour standard

The four hour standard has remained a challenge throughout the year with timely access to hospital beds being the most significant problem.

A number of initiatives are being introduced to streamline assessment processes to ensure patients can be seen by a senior doctor and vital signs are taken promptly by the clinical team. Work has been ongoing to improve discharge processes and a new IT system has been introduced in summer 2015 to improve the quality of clinical and management information recorded.

The improvement work is being led by the Chief Operating Officer to increase capacity and improve the flow of patients through all our hospital beds. The aim is to achieve the national standard of 95% for October 2016.

Referral to treatment times for RTT incomplete pathways.

Waiting list for treatment in ophthalmology, upper gastroenterology and orthopaedics have been the main challenges. Action plans to manage both the demand and capacity for cataract procedures including use of outsourcing has resulted in some rapid improvement. In relation to orthopaedics and gastroenterology we have arranged for patients to be treated by the independent sector. Additional staff have been recruited in orthopaedics and a business case is being developed to support surgery. This will increase capacity to meet the RTT standard in upper gastroenterology. This work is being led by the chief operating officer with regular meetings with operational teams.

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	Source of Information	Target 2015/16	2015-16	2014/15	2013/14
Smoking during pregnancy	Effectiveness	STORK	19%	15.6%	16.0%	17%
Mixed sex accommodation breaches of standard	Experience	Trust Clinical Effectiveness Team	0	4	3	12
Cancelled operations on the day of surgery	Effectiveness	IHCS	0.8%	1.0%	1.2%	1.1%
DNA rate	Effectiveness	IHCS	6.0%	5.6%	5.6%	5.9
Diagnostic tests longer than the 6 week standard	Effectiveness	DMO	1.0%	1.9%	1.3%	0.6%
Stroke care: 90% of time spent on stroke ward	Effectiveness	SSNAP	80%	80%	64%	79%
Timeliness of social care assessment*	Effectiveness	PARIS	74%	69%	n/a	n/a
No of children with child protection plan*	Safety	PARIS	157	147	n/a	n/a
Safeguarding adults % case conferences (30 days)*	Safety	PARIS	80%	65%	n/a	n/a

**Indicators reported since we have become an integrated care organisation*

In 2015/16 we have underperformed on a number of indicators.

Actions taken:

- **Mixed sex accommodation.**
We continue to monitor all incidents to minimise the number of breaches.
- **Cancelled operations on day of surgery.**
We undertake monthly reviews of the reasons for cancellation. Beds being unavailable are the main reason for cancellations. We are working on improving access to beds through our patient flow work, including increasing the number of discharges earlier in the day.
- **Diagnostic tests longer than 6 weeks.**
The Trust is outsourcing CT & ultrasound test to the independent sector and staff are working additional sessions to meet the demand.
- **Stroke care.**
Stroke care will continue to be an area of focus for us and this is the reason it is a Quality Account priority.
- **Timeliness of social care assessment.**
There have been a number of social care vacancies and the Trust is in the process of recruiting to these vacancies. This is set against a backdrop of increasing referrals and more complex cases

- **Safeguarding adults.**

This improvement work is being led by the Safeguarding Adult's Board with an action plan to address a wide range of issues including client engagement and availability of statutory services e.g. police.

Patient safety and delivering quality outcomes will remain the highest priority to ensure that patients have access to, and receive, the best possible care. The Trust Board will ensure that governance arrangements will continue to provide the oversight and scrutiny against the quality and patient safety outcomes.

The creation of the integrated care organisation in October 2015 is enabling the redistribution of resources in a way that optimises patient care in non-hospital settings and ensures all patients receive safe and timely care. These plans will be further developed and implemented in 2016/17. We will report our progress on our internet site www.torbayandsouthdevon.nhs.uk as well as in our annual report and Quality Account.

Annex 1 – Engagement in developing the Quality Account

Prior to the publication of the 2015/16 Quality Account we have shared this document with:

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

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

The feedback from the event continues to be positive with stakeholders feeling engaged in the development of the Quality Account and receiving feedback from the work undertaken in the previous year.

In 2016/17 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.

Statement from Healthwatch (Torbay) on Torbay and South Devon NHS Foundation Trust's Quality Account 2015/16

Healthwatch Torbay continuously collects feedback about the delivery of our local health and social care services. This is done through a programme of direct contact with the public, telephone and drop in to the Healthwatch office in Paignton library. On-line comment is possible at any time by using our Rate and Review service. With over 300 reviews about the Trust in the last year, it is pleasing to report that the the overall star rating has remained high showing public confidence in their hospital service. Staff attitude has many appreciative comments, confirming this to be one of the most important aspects of the care received. Experience of the discharge process and medication information has the most negative comments.

Healthwatch Torbay is encouraged to share their intelligence of local patient and public experience through membership of various engagement committees and regular review meetings with the Trust Chief Executive. There is good communication with the Patient Advice and Liaison service with constructive progress reports for the concerns we refer.

As stakeholders and representative of the public, we were able to share our opinion of the proposed priorities for improvement in the coming year. Although the detail of the approach is decided internally, the way forward is supported by Healthwatch as it reflects the concerns we know to be important to the public. Initiatives around improving communication, recognising the issues faced by older people and driving up the quality of complaints handling are all commended.

The reflection on improvement priorities for the last year 2015/16 gives an honest appraisal. We would agree that all are not quick fixes. The extensive public engagement on future ways of working is probably the most detailed that has ever taken place. Seemingly small things make a big difference as shown by the feedback on shortening the time to generate a death certificate.

The transition to an Integrated Care Organisation seems to have been seamless in that the public has made little comment to Healthwatch about this seismic change in the organisation of care. But they do raise concerns about the standards and organisation of care at home following a transfer from a hospital. There are reports that information is lacking and cases of low regard for the person's real need, when not a standard "package". The Quality Account shows that these concerns are not being ignored. There is still a long way to go, but recognising that the person at the centre of care can work in partnership with the Trust to improve their experience, is a significant step in the right direction.

Thank you for making this Quality Account a very readable document for the general public. As Healthwatch we look forward to our future work together.

Statement from Healthwatch (Devon) on Torbay and South Devon NHS Foundation Trust's Quality Account 2015/16

Healthwatch Devon commends the Trust for arranging a stakeholder engagement event earlier in the year and for involving us in the development of their priorities for this year's quality account. We attended the event and felt it to be a very useful session in which we could recommend which priority areas should be considered going forward, based on the evidence we hold in relation to patient experiences. We are pleased to see that complaints handling, investigations and organisational learning is one of the chosen areas that the Trust intends to focus on this year, particularly as this is a topic that we are due to publish a report on, entitled Patients in the Picture. We hope that our report will help to inform any work that the Trust undertakes in this area of service delivery.

The Trust invited us to review this document prior to publication and to provide a statement, but unfortunately due to time restraints and limited capacity we were unable to fully review the document in order to provide an effective response. We do however welcome any opportunity to work with the Trust on this year's priority areas and will continue to feedback patient experience data to them on a regular basis.

Statement from South Devon and Torbay Clinical Commissioning Group on Torbay and South Devon NHS Foundation Trust's Quality Account 2015/16

South Devon and Torbay Clinical Commissioning Group (SDT CCG) is lead commissioner for Torbay and South Devon Healthcare NHS Foundation Trust (TSDFT) and is pleased to provide our commentary on the Trust's Quality Account for 2016-17.

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

We are pleased to comment on the Trusts first quality accounts as an integrated care organisation following the joining of services delivered by South Devon Healthcare NHS Foundation Trust (Torbay Hospital) and Torbay and Southern Devon Health and Care NHS Foundation Trust who delivered community services. As a CCG we have worked alongside the Trust during their amalgamation, and in the development of the new care model to deliver secure sustainable and effective high quality care to our increasingly complex population.

We note the reference to the Care Quality Commission (CQC) visit in February, and acknowledge the work that has been undertaken in the Emergency Department (ED) to try and reduce overcrowding and facilitate patient flow throughout the hospital and beyond. We are aware that the issue of increasing demand for urgent care may mean that people are waiting longer than they should in ED, which is not conducive to a good patient experience, and we look forward to continuing to work with the Trust to improve this.

The Quality Account refers to the CQUINs for 15_16. The Trust were part of an initiative to deliver local CQUINs very differently with providers across the health and care footprint for SDT CCG to improve patient and staff experience, improve nutrition and hydration and improve incident investigation through collaborative working.

We would like to particularly commend the Trust for the work they have undertaken with the 'Hello My Name' is campaign, part of a national campaign led by Dr Kate Granger, who as a patient noted that the things that made a positive experience for her were the simple things, such as staff introducing themselves to her.

Looking Back

We were pleased to support the quality priorities selected by the Trust last year in particular the patient safety priority of redesigning the reliability, accuracy and timeliness of information at the point of handover to enable an effective and safe transfer at each and every juncture. We know from hearing from patients, and being patients, that it is at the point of transfer of care that often information isn't shared with the right people, or there is miscommunication about a plan of care.

We look forward to hearing how the IT system Nerve Centre will continue to improve transfers of care, and ask the Trust that they continue to ask patients and carers what should 'always' happen for them.

Healthcare is complex and rarely uni-professional. Improving multi-disciplinary working can only benefit both the patient and staff experience. We support the Trust in the move away from reactive bed based care to preventative and proactive services, and will work alongside the Trust, and with our population through public engagement to develop the new care model. We agree that for all 'the best bed is our own bed' however this has to be achieved with patient safety a priority.

We are delighted that this report highlights the introduction of the wellbeing co-ordinators- a new role designed to support people to identify ways to support their whole wellbeing, not just their health and care needs. We are pleased to recognise the organisations invaluable contribution and commitment to the development of joint approaches to prevention, wellbeing and self-care at system level.

In order to ensure success we have to be able to evaluate the impact of service changes, and we are pleased to see that the Trust will work with Plymouth University to evaluate both the quantitative and qualitative data, of which patient experience plays a vital part.

Looking Forward

We are happy to support the five quality improvement priorities that the Trust has developed through discussions with health and care teams working within the newly established integrated care organisation, and with the CCG.

The desire to improve the consistency and learning from complaint investigations and associated systems for organisational learning across TSDFT is very welcomed. It is by learning from patient experience, and sharing that learning that we can ensure quality improvement in service delivery, and, as most complainants desire, reduce the risk of this happening to anyone else.

The development of the two existing early warning trigger tools into one tool to be used across any health and care setting supported by the integrated care organisation, ensuring quality of care for patients is not compromised will be reviewed with interest by the CCG Quality team.

The Trust has not achieved against the four hour wait target for patients in the Emergency Department leading to a poor patient experience, and we are in no doubt that this is one of the priority areas for the Trust next year. We know that at times of greatest pressure, the clinical risk associated with patients not being seen in a timely manner by the right clinician increases. We have a particular interest in the sepsis work that the Trust are doing, and have worked closely with the Trust to improve sepsis awareness, recognition and treatment across both adults and children. 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 is fully supportive of this initiative.

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. TSDFT 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 work that has been undertaken to reduce falls and pressure ulcers across the Trust, and are pleased to see the reduction that they have achieved in both the number of falls and the severity of falls. We agree that this needs to stay a priority area for 16_17.

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 TSDFT 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 TSDFT for its continuous focus on quality of care.

Statement from Torbay Council's Health Overview and Scrutiny Board on Torbay and South Devon NHS Foundation Trust's Quality Account 2015/16

Members of Torbay Council's Overview and Scrutiny Board have considered the draft Quality Account 2015/2016 for Torbay and South Devon NHS Foundation Trust.

The creation of the Trust as an integrated care organisation for Torbay and South Devon is welcomed. Board members are encouraged by the information provided on the work around multi-agency working and establishing a single point of contact. The Trust and partner agencies must continue to work together to build on the successes we have seen over the years brought about by integrating health and social care.

The Board recognise the challenges that the Trust faces in providing timely urgent care services and notes the actions which have been put in place over the past year and the plans for the coming year. The Board would urge the Trust to continue to work with South Western Ambulance Service NHS Foundation Trust to ensure that best practice and innovations across both organisations lead to better patient outcomes and experience.

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 commends Torbay and South Devon 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 and partner organisations continue to work together for the benefit of the whole Torbay community.

Statement from Devon County Council's Health and Wellbeing Scrutiny Committee on Torbay and South Devon NHS Foundation Trust's Quality Account 2015/16

Devon County Council's Health and Wellbeing Scrutiny Committee has been invited to comment on the Torbay and Southern Devon Healthcare Trust Quality Account 2015/16. All references in this commentary relate to the reporting period 1st April 2015 to 31st March 2016 and refer specifically to the Trust's relationship with the Scrutiny Committee.

The Scrutiny Committee commends the Trust on a comprehensive Quality Account 2015-16 and believes that it provides a fair reflection of the services offered by the Trust, based on the Scrutiny Committee's knowledge. The trust presented to the Committee in September 2015 regarding their achievement of Foundation Trust status.

The Committee looks forward to seeing the progress made towards a joined-up care system.

The Committee welcomes a continued positive working relationship with the trust in 2016/17 and beyond to continue to ensure the best possible outcomes for the people of Devon.

Statement from Governors on South Devon Healthcare NHS Foundation Trust's Quality Account 2015/16

The year 2015/2016 has been an exciting and challenging period with a number of key developments.

Firstly, the Council of Governor's formally approved the formation of the new integrated care organisation, Torbay and South Devon NHS Foundation Trust which was established in October 2015.

A detailed review was undertaken of organisational structures and processes to reflect the organisation's wider responsibilities and services.

The governor observer role continues, as members of both statutory and strategic committees. This is central to ensuring governor's engagement with the safety and quality agenda and in providing assurance on the quality of services provided within the Trust.

Governor's continued to review the actions of committees against the CQC (KLOE) outcomes and provides formal feedback to the Quality and Compliance Committee.

This ensures matters related to non-compliance including NED performance is highlighted to the chairman and the lead governor for inclusion in the annual appraisal of NED's which is jointly undertaken.

The buddying system whereby each member of the governor's Nomination Committee is partnered to a NED continues, with the lead governor continuing as the principle functional link with the NEDs.

Secondly the Trust was inspected by the Care Quality Commission in February of 2016. The Trust, is still awaiting the final report, but inspectors were able to witness the key challenges facing the organisation. Following the initial feedback an action plan has been developed to support changes that they recommended. Two particular challenges for the Trust during the year has been the failure to achieve the accident and emergency (A&E) four-hour target and 18-weeks in aggregate referral to treatment (RTT) time for incomplete pathways. Governors are pleased that the Trust continues to perform well against all cancer targets with compliance being maintained throughout the year.

With regard to the annual quality account, representatives of the Council of Governors have again participated as stakeholders in the annual process for agreeing Trust priorities. The governors support the objectives for 2016/17.

As part of the Independent Auditor's Limited Assurance Report on the Annual Quality Report to the Council of Governors, the Trust's external auditors have reviewed several performance indicators.

The governors have selected as part of the quality account the completion of the Carer's assessment data quality indicator for review by the external auditors.

The governors are again able to confirm that they continue to receive assurance of the Trust's commitment to, the provision of safe high quality responsive health and social care. We recognise and support the key challenges facing the Trust in delivering new models of care within a very tight financial framework and look forward to continuing to be active participant's working together in the future.

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 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 2015-16; and supporting guidance
- the content of the quality report is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period April 2015 to May 2016;
 - Papers relating to quality reported to the Board over the period April 2015 to June 2016;
 - Feedback from the Commissioners (South Devon and Torbay CCG) dated 23 May 2016;
 - Feedback from Governors dated 19th May 2016;
 - Feedback from local Healthwatch organisations dated 18th and 23rd May 2016;
 - Feedback from Overview and Scrutiny Committees dated 18th and 23rd May 2016;
 - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated February 2016;
 - The 2015 national inpatient survey dated 21 May 2015;
 - The 2015 national staff survey dated March 2016;
 - The Head of Internal Audit annual opinion over the Trust's control environment dated 25 May 2016;
 - Care Quality Commission intelligence monitoring reports dated May 2015;
- 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

Date 25.05.16



Sir Richard Ibbotson, Chairman

Date 25.05.16



Mairead McAlinden, Chief Executive

Annex 3

CQUIN 2014/15 – full details & outcomes available at www.torbayandsouthdevon.nhs.uk

Indicator Number	Indicator Name	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.1	Acute kidney injury - improvement in recording diagnosis, treatment & plan of care after discharge		Part met		
2.1	Sepsis - sepsis screening				
2.2	Sepsis - antibiotic administration			Insufficient audits	
3.1	Dementia -Find, Assess, Investigate and Refer - target 90% Find & Assess	<60%	80%	75%	
3.2	Dementia - staff training				
3.3	Dementia & carers				
4.1	Unplanned emergency care- reducing the proportion of avoidable emergency admissions to hospital				
4.2	Unplanned emergency care - Improving Diagnoses and Re-attendance Rates of Patients with Mental Health Needs at A&E				
5.1	Improving nutrition & hydration				
6.1	Improving incident investigation				
7.1	Improving patient experience			Part met	

Quarter 4 will be published on final publication

Independent Auditors' Limited Assurance Report to the Council of Governors of South Devon Healthcare NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of Torbay and South Devon NHS Foundation Trust to perform an independent assurance engagement in respect of Torbay and South Devon NHS Foundation Trust's Quality Report for the year ended 31 March 2016 (the 'Quality Report') and specified performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to limited assurance (the "specified indicators") marked with the symbol **A** in the Quality Report, consist of the following national priority indicators as mandated by Monitor:

<i>Specified Indicators</i>	<i>Specified indicators criteria</i>
<i>18 week referral to treatment for incomplete pathways</i>	<i>Criteria for the indicators can be found in the Annual Report on page 132 on which we are giving our limited assurance opinion.</i>
<i>Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge</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 2015/16" 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 2015/16";
- 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 set out in the NHS Foundation Trust Annual Reporting Manual ("FT ARM") and the "2015/16 Detailed guidance for external assurance on quality reports".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM and the "Detailed requirements for quality reports 2015/16; and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with the following documents:

- Board minutes for the financial year, April 2015 and up to the date of signing this limited assurance report (the period);
- Papers relating to quality report reported to the Board over the period April 2015 to the date of signing this limited assurance report;
- Feedback from the South Devon and Torbay Clinical Commissioning Group dated 23/05/2016;
- Feedback from Governors dated 19/05/2016;
- Feedback from Local Healthwatch organisations dated 18/05/2016 and 23/05/2016;
- Feedback from Overview and Scrutiny Committees dated 18/05/2016 and 23/05/2016;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 01 December 2014 – 30 November 2015;
- The latest national patient survey dated May 2015;
- The latest national staff survey dated March 2016;
- Care Quality Commission Intelligent Monitoring Reports dated May 2015; and
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 25/05/2016.

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.

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use and distribution of the report

This report, including the conclusion, has been prepared solely for the Council of Governors of Torbay and South Devon NHS Foundation Trust as a body, to assist the Council of Governors in reporting Torbay and South Devon 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 2016, 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 Torbay and South Devon 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 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000 (Revised)'). 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 2015/16";
- reviewing the Quality Report for consistency against the documents specified above;
- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;
- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance indicators, and assessing the related disclosures; and
- reading the documents.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the assessment criteria set out in the FT ARM the "Detailed requirements for quality reports 2015/16 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 Torbay and South Devon NHS Foundation Trust.

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 Torbay and South Devon 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 2016:

- 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 2015/16”;
- 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 set out in the NHS Foundation Trust Annual Reporting Manual (“FT ARM”) and the “Detailed guidance for external assurance on quality reports 2015/16”.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Princess Court
23 Princess Street
Plymouth
PL1 2EX

27 May 2016

The maintenance and integrity of the Torbay and South Devon NHS Foundation Trust’s website is the responsibility of the directors; the work carried out by the assurance providers does not involve consideration of these matters and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported performance indicators or criteria since they were initially presented on the website.

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Alternative formats

If you require any assistance in communicating with us, or wish to receive information in an alternative format please contact our Patient Advice and Liaison Service on: Telephone: 01803 655838 | Free phone: 0800 028 20 37 | Email: pals.sdhct@nhs.net | SMS: 07789 864196

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Annual Accounts 2015/16

Foreword to the accounts

Torbay and South Devon 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

Mairead McAlinden
Chief Executive

Date: 25 May 2016

Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of Torbay and South Devon 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 Torbay and South Devon 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 Torbay and South Devon NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

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

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

Signed



Mairead McAlinden
Chief Executive

Date: 25 May 2016

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 Torbay and South Devon 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 Torbay and South Devon NHS Foundation Trust for the year ended 31 March 2016 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 Group via the Executive Team consisting of three executive directors (chair is the Senior Information Risk Owner), Deputy Director of Nursing and representative owners (Community Health and Social Care, Estates and Facilities Management; Information Management and Technology, Workforce and Finance) supported by the Company Secretary, Risk Officer and Patient Safety Lead. A non-executive director (observer) has been assigned to the Group and is expected to attend at least three meetings during the year. The Risk Group oversees the risk management framework. In addition, the executive directors have in place a process whereby all significant risks to the achievement of service delivery unit and directorate objectives, Monitor governance and compliance requirements and Care Quality Commission regulations are kept under review.

Service delivery unit managers are responsible and accountable to the Chief Operating Officer for the quality of the services that they manage and ensure that any identified risks are placed on the service delivery unit risk register. All such risks are reviewed by the relevant service delivery unit board and any necessary escalation managed in accordance with the risk reporting process.

Service delivery unit and directorate risk management activities are supported by a risk management training programme, usually delivered by the Risk Officer or the Risk 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 The risk and control framework

Risk is managed at all levels of the Trust and is co-ordinated through an integrated governance framework consisting of seven key groups that report to the Executive Team on a regular basis; Safeguarding/Inclusion Group, Quality Improvement Group, Workforce and Organisational Development Group, Capital Infrastructure and Environment Group, Information Management and IT Group, Risk Group and Senior Business Management Group. Prior to integration on 1 October 2015, the Trust used an integrated governance structure consisting of five key workstreams. Having acquired Torbay and Southern Devon Health and Care NHS Trust on 1 October 2015, additional consideration had to be given to new areas such as community health and social care and safeguarding.

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 The risk and control framework (continued)

There is a review process under the leadership of the executive directors, who meet weekly, which includes discussion and review of the seven groups referenced above and directorate risk management and assurance registers. Any risk identified by a directorate, service delivery unit or executive lead as likely to impact adversely on organisational objectives, will be taken to either the Executive Team meeting or the Risk Group, whichever is the sooner.

Post integration, the Risk Group reviews the risk and assurance framework on a monthly basis and the Audit and Assurance Committee reviews gaps in assurance throughout the year. The Board of Directors evaluates the board assurance framework at least twice a year 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 management policy. 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 a current risk score of 15 or above will be brought through the exception reporting process via the Executive Team and to the Trust Board of Directors if deemed to be a corporate level risk. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Executive Team 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 lead director, service delivery unit or directorate.

An example of where risk management is integrated into core Trust business is in relation to the quality report. The Trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, our commissioners and the senior clinical and business leaders in our organisation. The Trust arranged an engagement meeting early in the New Year to take into account the views of our key stakeholders and governors before agreeing the priority areas for 2015/16. These priorities were then signed off by the Trust board and are managed in accordance with our internal risk management process. An external audit review is undertaken on the quality report during May each year resulting in an independent auditor's limited assurance opinion on the annual quality report that can be found in 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 risk assessment framework; one of which is risk and assurance management.

Locally, there is an opportunity for regular dialogue with our partners in the South Devon health community: for example through the System Resilience Group and the Community Services Transformation Group.

4.2 Major risks

2015/16 was another challenging year for Torbay and South Devon NHS Foundation Trust although the organisation achieved financial sustainability risk ratings in line with the annual plan expectations. Compliance with governance targets was maintained during each quarter, but in their quarterly feedback Monitor made reference to the Trust having failed to meet the accident and emergency (A&E) four-hour target throughout the year. They also referenced the Trust's failure to meet the 18-weeks in aggregate referral to treatment (RTT) time for incomplete pathways in quarters one, three and four, even though a number of actions were initiated during the year. The quarter three governance risk rating from Monitor was green, the quarter four governance rating is not expected until the summer [2016].

A&E Standard

In April 2015, the Trust declared that it would be compliant with the A&E standard in quarters two, three and four. The Trust's performance as at April 2016 remains at variance to the declared Monitor plan.

The Urgent Care System Improvement Plan including safety and quality improvement has been agreed and is being led by the Medical Director, Chief Nurse as well as the operational actions led by the Chief Operating Officer. Following a Care Quality Commission (CQC) inspection in February 2016 and their initial feedback, a range of additional actions have been incorporated into this plan to provide comprehensive assurance on improved performance and give assurance on patient safety. Due to the Winter pressures experienced across the whole of the NHS continuing into the New Year, the full impact of Urgent Care System Improvement plans for sustainable performance of greater than 95 per cent will not be seen until quarter three 2016/17. The Trust continues to report regularly to NHS Improvement/Monitor.

As at 31 March 2016 the integrated care organisation performance which combines the Torbay Hospital (type one department) and the community Minor Injuries Unit (MIU) activity was 85 per cent against a target of 95 per cent. Torbay Hospital performance on its own was 78 per cent. The community MIUs achieved 100 per cent against the four hour standard.

Annual Governance Statement (continued)

4.2 Major risks (continued)

18-weeks in aggregate RTT time for incomplete pathways

The 18-weeks in aggregate RTT time for incomplete pathways was not declared as a risk to Monitor at the start of the 2015/16 financial year and remains at risk as at 31 March 2016.

At individual specialty level there has been improvement in ophthalmology with the number of patients over 18 weeks reducing from 428 in February to 293 in March. The reduction is due to an increase in operating capacity, both in house and outsourced, and a recent fall in referrals being added to the operating list following revised criteria being released for thresholds for cataract surgery. Other specialties remain critical to overall delivery with further improvements to be achieved, and are being closely managed.

The Trust has submitted a revised remedial action plan in relation to the under performance against the delivery of the incomplete RTT standard. The plan shows a trajectory of non-compliance beyond 31 March 2016, with compliance being achieved in July 2016. This revised trajectory has been submitted to the Clinical Commissioning Group and will be submitted as part of the Monitor Annual plan for 2016/17.

Continuous Improvement Programme (CIP)

Although the Trust has achieved its financial sustainability risk ratings in line with the annual plan expectations, CIP delivery remains a significant challenge and key risk. The Board has acknowledged that the Trust has not been successful in realising the full extent of CIP plans and a revised plan with more detailed reporting is in place for 2016/17.

Care Quality Commission (CQC) Inspection

Following the CQC's announced inspection between 2 February and 5 February 2016 and the unannounced aspect of the visit on 8 February 2016 to the emergency department and 15 February 2016 on the medical wards, the Trust received official notification outlining possible enforcement action on 1 March 2016. The primary concerns were about the potential risks to safe care of patients in our emergency department during a period of escalation. The Trust produced a response to the letter on 3 March 2016 highlighting the improvements that had already been taken or were being implemented either with immediate effect or within March 2016. One immediate improvement was to review and revise the reporting on the quality and safety indicators to the board and have enhanced the oversight arrangements with our Clinical Commissioning Group (CCG). The delivery of the action plan post 31 March 2016 will be monitored through a governance and reporting process agreed with the CQC, the CCG and National Health Service England (NHSE), and through enhanced internal monitoring including a more detailed report to the Board. Please also refer to section 4.4 of the Annual Report.

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

In-Year and Future Risks Linked to Strategic Objectives

Objective 1: Safe, Quality Care and Best Experience – we will deliver high quality care that meets best practice standards, is timely, accessible, personalised and compassionate. It will be planned and delivered in partnership with those who need our support and care to maximise their independence and choice.

Objective 2: Improved wellbeing through partnership – we will work with our local partners in the public, private, voluntary and community sectors to tackle the issues that affect the health and wellbeing of our population. We will work in partnership with individuals and communities to support them to take responsibility for their own health and wellbeing. We will be a socially responsible organisation contributing to a better environment.

Objective 3: Valuing our workforce – we will be a great place to work, an employer of choice, an organisation that actively engages with our workforce – paid and unpaid – to effectively communicate, improve and innovate. We will act on both feedback and ideas recognising and showing appreciation of the achievements of our staff.

Objective 4: Well led – we will be a high performing, learning and innovative organisation with clear direction, effective leadership at all levels, managing change well, making best use of our resources, with good systems of governance to deliver our mandate as a Foundation Trust.

Annual Governance Statement (continued)

4.2 Major risks (continued)

Governance risk description (strategic objective)	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating action	Outcome measurement
Available capital resources are insufficient to fund high risk / high priority infrastructure and equipment requirements. (objective 4)	5 / 3	<ol style="list-style-type: none"> 1. High risk elements prioritised in the capital programme. 2. Performance and critical failures reported and monitored monthly. 3. Robust planned preventative maintenance regime in place. 4. Patient environment issues reported to Infection Prevention & Control Committee and Capital Infrastructure and Environment Group. Exception reports to Board via Executive Team. 5. Asset registers and risk assessment in place. 	<ul style="list-style-type: none"> - Delivery against the capital plan agreed by Trust board; - PLACE (Patient-Led Assessments of the Care Environment); - Care Quality Commission (CQC) submissions / assessments.
Failure to achieve key performance standard (objective 1)	5 / 4	<ol style="list-style-type: none"> 1. Urgent Care System Improvement Plan identifying remedial actions for issues within our control in place. 2. Flow Board managing programme of work to improve flow across whole system 3. Weekly 4-hour Recovery Meetings to monitor action plan. 4. Further data analysis to help understand causes and target appropriate responses. 5. Escalation policy in place. 6. 3 x daily control meetings. 7. Action plans for specialties requiring improvement are monitored through the RTT Group and with the local Clinical Commissioning Group. 	<ul style="list-style-type: none"> - Reports from NHS Improvement/Monitor regarding annual risk assessment and quarterly submissions; - Monthly and cumulative performance reviews across the Trust to the Finance, Performance and Investment Committee and Trust board in line with plan - Outcomes from external reviews e.g. assessments conducted by CQC.
Inability to recruit / retain staff in sufficient number / quality to maintain service provision (objective 3)	4 / 5	<ol style="list-style-type: none"> 1. Medical Workforce Review Group has been established and as part of this will be looking at current supply and demand and actions to address this including attendance at conferences, career 'continuous professional development' events etc. 2. Recruitment updates are reported to Board bi-monthly. 3. Medical Recruitment is being looked at as part of the Recruitment Strategy. 	<ul style="list-style-type: none"> - Staffing levels compliant with national guidance with less reliance on bank/agency staff.
Lack of available Care Home / Nursing / Domiciliary Care capacity of the right specification / quality (objective 1)	4 / 4	<ol style="list-style-type: none"> 1. Robust operational plan and procedure in place that manages any care home closures. 2. Financial viability of care homes is being monitored by the commissioners for adult social care. 3. Quality is monitored via QuESST and bi-annual care home visits. 	<ul style="list-style-type: none"> - System wide approach that delivers the stakeholder agreed changes outlined in the integrated care organisation business case.

Annual Governance Statement (continued)

4.2 Major Risks (continued)

Governance risk description	Consequence ⁱ / Likelihood ⁱⁱ	Mitigating action	Outcome measurement
Failure to achieve financial plan (objective 4)	5 / 4	<ol style="list-style-type: none"> 1. Monthly Finance, Performance & Investment Committee meetings. 2. Monthly Social Care Programme Board meetings. 3. Placed People Oversight Group. 4. Standing Financial Instructions and Scheme of Delegation. 5. Continuous Improvement Programme (CIP) plans. 6. Vacancy control process. 7. Controls on usage of bank staff. 8. All Service Support Units/Directorate managers asked to identify CIP savings. 	- Development of plans to release efficiency savings agreed by Trust Board of Directors
Delayed delivery of ICO care model (objective 4)	5 / 3	<ol style="list-style-type: none"> 1. Clear Communication on Clinical Commissioning Group leadership 2. Open and transparent process following best practice. 3. Early and easily accessible communications. 4. Engagement of the public in the process. 5. Care Model programme is managed through the Care Model Operational Group which reports to the Care Model Executive Group, then through to Senior Business Management Group. 	- Implementation of new models of care.
Patients lost from the Follow Up system may not receive required appointments resulting in critical diagnoses being missed (objective 1 and 4)	5 / 3	<ol style="list-style-type: none"> 1. In-depth review of past and present processes. 2. Review all outstanding patient records being undertaken. 3. Issue has been raised at Trust Board. 	- Number of patients lost to follow up is reducing.
Care Quality Commission requirement notice sets out significant concerns regarding safe quality care and best experience (objective 1) NB: the risk to achieving the 95% target is covered under the risk titled 'Failure to achieve key performance standard'	5 / 5	<ol style="list-style-type: none"> 1. Urgent Care System Improvement Plan includes CQC safety measures for time to triage, time to vital signs, Time to first Dr review, sepsis bundle measures. 2. Review of ED safety measures reporting process to ensure reports are relevant, accurate and timely. 3. Non-executive director oversight. 4. Overseen by Quality Assurance Committee and Trust Board. 	<p>- Reports from NHS Improvement/Monitor regarding annual risk assessment and quarterly submissions;</p> <p>- Quality information/assurance reported to the Quality Assurance Committee, and Trust board.</p>

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.

Annual Governance Statement (continued)

4.4 Care Quality Commission (CQC) Declaration

At 31 March 2016, the Foundation Trust remains fully compliant with all CQC registration requirements.

In addition to section 4.2, there were no formal visits undertaken by the CQC during 2015, however, in February 2016, the CQC carried out a comprehensive inspection. The inspection consisted of seven days of announced inspections, visiting all registered locations across the Trust; holding focus groups with our patients, clients, service users and our staff; and holding a series of interviews with individuals and senior staff teams in the organisation. These visits were followed with a series of unannounced and mostly out of hours visits to a number of locations between the 8 February and 21 February 2016.

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

The inspection consisted of seven days of announced inspections, visiting all registered locations across the Trust; holding focus groups with our patients, clients, service users and our staff; and holding a series of interviews with individuals and senior staff teams in the organisation. These visits were followed with a series of unannounced and mostly out of hours visits to a number of locations between the 8 and 21 February 2016.

The Trust has received a draft report for this visit in April, with the full publication of the report being planned for June. The Trust does not have any indication as at 25 May 2016 as to what rating the Trust will receive from this inspection

A very small number of areas of concern have been raised during an informal feedback session with the inspection team, and where required, action plans have been submitted to the CQC. In contrast the CQC identified many areas that would be reported as positive.

Assurance against the CQC requirements continues to be monitored and areas of non-compliance identified through the CQC Assurance Group and the seven groups that report to the Executive Team where lead directors and supporting managers present their evidence/assurance throughout the year. This process is supported by the CQC Assurance system that collates service delivery unit/departmental self-assessments, which in turn provides the Trust with a dashboard showing areas of compliance, as well as areas for improvement across both acute and community health and social care.

Internal Audit undertakes annual audits on the Trust's CQC assurance systems and processes; the last review was completed in January 2016. Internal audit continues to provide an overall assurance opinion of green/low risk in terms of the design and operation of the controls in place.

Reviews of the Trust's practices, policies, procedures, assurance, monitoring systems and feedback mechanisms are conducted on a regular basis and following a never event.

4.5 Compliance with equality, diversity and human rights legislation

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

The Trust is committed to providing an inclusive and welcoming environment for our patients, clients, service users, carers, families and staff and is working hard to mainstream equality, diversity and human rights into our culture.

Performance is monitored via the equality, diversity and human rights (Equalities) Co-operative who report to the Executive Team via the Safeguarding/Inclusion Group. The meeting takes place three times per year to review and report progress on the implementation and development of member organisations' (Trust, local Clinical Commissioning Group, Devon and Torbay Health and Wellbeing Boards) equalities agenda across commissioning, service provision, procurement of goods and engagement with our patients, clients, service users, staff and local community.

The aims of the equality co-operative are two-fold i) to provide high level monitoring and assurance for the development and delivery of mutually agreed equality objectives and ii) to report that work into the health and wellbeing boards to inform and potentially influence strategy around health inequalities.

The Trust Board of Directors receives bi-monthly reports on equality and diversity issues from the Interim Director of Human Resources. These include any updates or changes in national mandates together with any risks or challenges. An annual Equalities Report is presented to the Board for ratification prior to publication. The primary aim of this report is to evidence compliance with the outcomes set out in the Equality Delivery System.

The Trust has an Equalities Strategy, supported by an action plan which is updated annually and is reported via the Safeguarding / Inclusion Group to the Trust Board of Directors. The Trust recently reviewed and updated the action plan with any on-going actions being carried forward into 2016/17.

Annual Governance Statement (continued)

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

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

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

There is an approved sustainable development management plan, approved at Board level, that accompanies the sustainability strategy. This is reviewed each year to ensure that the Trust fulfils its commitment to consider sustainability while providing high-quality health and social care. Progress against this plan is monitored and reported by the Capital Infrastructure and Environment Group through to the Executive Team.

4.7 Compliance with the NHS Litigation Authority

The NHS Litigation Authority (NHSLA) forms an opinion based on the number of claims made and levels of payments. For NHS foundation trusts within the NHSLA clinical negligence scheme, all claims are recognised in the accounts of the NHSLA. Consequently, the NHS Foundation Trust will have no provision for clinical negligence claims. The NHSLA will provide a schedule showing the claims recognised in the books of the NHSLA on behalf of the NHS Foundation Trust. This will be disclosed at the foot of the main provisions table.

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. During the period 1 April 2015 to 31 March 2016 the following breaches of confidentiality or data loss were recorded by the Trust which required further reporting to the Information Commissioner's Office and other statutory bodies.

Date of Incident	Nature of Incident	Summary of Incident	Outcome and Recommendations
23-Apr-15	Unauthorised Access	Member of staff accessed the record of a patient not involved in their direct medical care.	A full investigation was undertaken and the outcome of which resulted in a final written warning for the employee.
15-Jun-15	Information disclosed in Error	Patient received the medical records of another patient.	A full investigation was undertaken and a technical solution has been implemented to reduce the risk of an occurrence.
21-Aug-15	Information disclosed in Error	Patient received the medical records of another patient.	A full investigation was undertaken and it was identified that a change in process was required; This change has been adopted by the department.
17-Sep-15	Unauthorised Access / Disclosure	A member of staff accidentally sent too much data via an insecure email account to the Devon Local Medical Committee (LMC). Upon receipt the LMC staff member realised there was a backing sheet to the summary information which contained some detailed data.	A full investigation was undertaken and the outcome of which resulted in changes to the way information is provided by the Trusts' Information Team to internal staff.

The conclusion of the Information Commissioner's Office to its investigation of the above incidents was that there was no regulatory action required against the Trust as the incidents did not meet the criteria set out in the ICO's Data Protection Regulatory Action Policy.

Any other incidents recorded during 2015/16 were assessed as being of low or little significant risk. In accordance with the 2015/16 Monitor risk assessment framework, the Trust was able to declare level two compliance against the information governance toolkit requirements by 31 March 2016. A new action plan will be created to deliver improvements against the 2016/17 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)

4.8 Compliance with information governance requirements (continued)

In September 2015 the Information Commissioner's Office was invited to the Trust to carry out one of their regular support audits. Following pre-audit discussions with the Trust, it was agreed that the audit would focus on data protection governance, records management (manual and electronic) and data sharing. The auditors made a number of recommendations and gave the Trust an amber rating (limited assurance), primarily around enhancing existing processes to facilitate compliance with the Data Protection Act. A detailed action plan has been created and is monitored and implemented by the Information Governance Steering Group.

4.9 Annual Quality Report

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

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

Clinicians have approved the data included in the quality report. The Data Assurance Group (previously known as the Data Quality Group) creates local standards and procedures to achieve appropriate external benchmarks for data quality. The terms of reference for this new group are in the process of being finalised. The quality report has been provided to the Health Scrutiny Board of Torbay Council, lead commissioner, Healthwatch and to Trust governors for comment.

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

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

In respect of the quality and accuracy of cancer – 31-day wait for second or subsequent treatment – drug, cancer – 62-day wait for first treatment – from consultant screening service referral and cancelled patients not treated within 28 days of cancellation, a draft internal audit report has been written and the final report is expected in May 2016. Embedded in the performance management processes are weekly meetings designed to challenge data quality, especially in relation to waiting list management of elective pathways. As mentioned above, the Trust has a range of information systems in place designed to capture data for use in patient care, financial management and the measurement of both local and national performance. The accuracy and consistency of this data is monitored through a range of activities and will be overseen by the Trust's Information Management and IT Group and Information Assurance Group.

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

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

- Clear processes for setting, agreeing and implementing strategic objectives based on the needs of the local population, reflecting the priorities of key partners and the Department of Health. This includes a clear strategy for patient, client, service users, carers and public involvement as well as the Trust's 12,000 Foundation Trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes.
- Clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of health and social care 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. An audit review of governance is underway and the review of the performance management framework is being undertaken by the Director of Strategy and Improvement together with a review of performance from front-line to reporting Committees and Board.

Annual Governance Statement (continued)

5.0 Review of economy, efficiency and effectiveness of the use of resources (continued)

- Through the Finance, Performance and Investment Committee, the Trust has robust arrangements for planning and managing financial and other resources in place. The Trust submitted a normalised deficit plan of £7.4 million for 2015/16 at the beginning of the financial year. Following the acquisition of Torbay and Southern Devon Health and Care NHS Trust on 1 October 2015 the plan was subsequently revised to a deficit of £8.9 million based on the forecast at that time to the end of the year. The final position for the year is £9.3 million deficit excluding technical adjustments and impairments. The Continuous Improvement Programme (CIP) target based on merger accounting was £15.3 million of which £13.1 million has been delivered in this financial year, of which £3 million was delivered recurrently.
- The Trust uses Dr Foster and other benchmarking tools such as the NHS productivity metrics to demonstrate the delivery of value for money. The Trust continues to develop its service line reporting data to ensure services are being provided as efficiently as possible and any surpluses generated by the Trust are reinvested back into patient care. For procurement of non-pay related items the Trust has a clear procurement strategy and collaborates with other NHS bodies to maximise value through the NHS South West Peninsular Procurement Alliance.

6.0 Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit and Assurance Committee, Quality Assurance Committee and Risk 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.
- **Quality Assurance Committee** – The Committee monitors, reviews and reports on the quality (safest care, effectiveness of care, best experience) of clinical and social care services provided by the Trust. This includes a review of i) the systems in place to ensure the delivery of safe, high quality, person-centred care ii) quality indicators flagged as of concern through escalation reporting or as requested by the Trust Board iii) progress in implementing action plans to address shortcomings in the quality of services, should they be identified.
- **Finance, Performance and Investment Committee** - The Committee undertakes on behalf of the Trust Board objective scrutiny of the Trust's financial plans, investment policy and major investment decisions providing assurance to the Trust board on the development and implementation of the Trust's long-term strategy and ensures effective management on all issues of major risk in relation to the business and performance of the Trust.
- Seven groups reporting to the Executive Team:
 - i. **Safeguarding / Inclusion Group** – Ensures the Trust is meeting the statutory obligations as set out in section 11 of the Children's Act and that the Trust is meeting its obligations to safeguard vulnerable adults as a delegated responsibility from Torbay Council. This includes safeguarding service users across the health and social care sectors wherever they are located in line with the Association of the Director of Social Services (ADASS) standards. The lead director for this group is Chief Nurse.
 - ii. **Quality Improvement Group** – The Group focuses on service quality and improvement for patients and users of Trust services and provides assurance on three components of quality defined as safety, effectiveness and best experience. The Group is structured around the four pillars of quality:
 1. Strategy
 2. Capability and Culture
 3. Process and structures
 4. MeasurementThe lead director for this group is the Medical Director.

Annual Governance Statement (continued)

6.0 Review of effectiveness (continued)

- iii **Workforce and Organisational Development Group** – Ensures the delivery of the workforce strategy, workforce planning and development, staff engagement and wellbeing, inductions and mandatory training. The lead director for this group is the Interim Director of Human Resources.
- iv. **Capital Infrastructure and Environment Group** - Oversees the maintenance of the safety and development of the Trust's estates and facilities management, ensuring that the key risks are prioritised and addressed through the capital programme. The Group oversees the implementation of approved strategies related to the environment, energy and carbon reduction and emergency preparedness. The lead director for this group is the Director of Estates and Commercial Development.
- v. **Information Management and IT (IM&T) Group** - Leads the development and implementation of the IM&T strategy. Ensures arrangements are in place to assess and deliver benefits of innovative information technology and information for use in decision making. The lead director for this group is the Director of Strategy and Improvement.
- vi. **Risk Group** – Reviews and make recommendations on all major risks to the organisation and supports the development of the Trust's long term strategy and implementation of the risk management and assurance framework. The lead director for this group is the Director of Finance.
- vii. **Senior Business Management Group** - Oversees the development and delivery of the Trust annual business plan including support services strategies and ensures compliance with agreed standards of quality, delivery of performance standards and the financial plan via the four (Community, Medicine, Surgical, Women's Children's Diagnostics and Therapies) service delivery units. The lead director for this group is the Chief Operating Officer.
- ii. **Quality Improvement Group** – The Group focuses on service quality and improvement for patients and users of Trust services and provides assurance on three components of quality defined as safety, effectiveness and best experience. The Group is structured around the four pillars of quality:

Each lead director is responsible for escalating issues to the Executive Team and Board Committees.

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 committees/groups and the Board of Directors to confirm that they are working effectively in practice.

The Board of Directors of the new integrated care organisation remains committed to frequent testing of the risk management \ governance systems and processes and recognises that regular reviews and actions will lead to continuous improvement.

My review is also informed by:

- The work conducted by the external auditors who focused on our quality report, internal audit's processes in line with ISA requirements, fraud, financial accounts and gave their opinion over the economy, efficiency and effectiveness with regards to the use of funds as well as non-financial performance in relation to clinical indicators. The external auditor also met with Trust managers and Grant Thornton to discuss findings and review audit working papers in relation to the acquisition of Torbay and Southern Devon Health and Care NHS Trust.
- The work conducted by the external auditors who focused on our quality report, internal audit's processes in line with ISA requirements, fraud, financial accounts and gave their opinion over the economy, efficiency and effectiveness with regards to the use of funds as well as non-financial performance in relation to clinical indicators. The external auditor also met with Trust managers and Grant Thornton to discuss findings and review audit working papers in relation to the acquisition of Torbay and Southern Devon Health and Care NHS Trust.
- Internal audit, who have conducted reviews against the care quality commission regulations, board governance arrangements, continuous improvement programmes, general controls in respect of the electronic staff record, IT projects: cradle to grave, management of action plans, serious incidents, never events and complaints, review of non-medical prescribers, review of Care Act 2014, data quality – community nursing performance indicator, capital expenditure monitoring and approval follow-up, review of Torbay and Southern Devon Health and Care NHS Trust 400 information governance series, follow-up to clinical assurance care contracts, ISAE3402 third party assurance report in respect of shared business services, absence management, mandatory training performance indicators, personal development reviews, zone review – Totnes and Dartmouth community teams, review of the vanguard (ophthalmology) investment, OrderComms project support, observational reviews for information governance/data protection, review of clinician additional hours and risk management and development of the corporate risk register. Internal audit reviews are conducted using a risk based approach and in addition they have annual reviews of the trust's risk management and board assurance framework. As part of internal audits continued support with the integration process with Torbay and Southern Devon Health and Care NHS Trust, internal audit attended a number of meetings to monitor and input, where appropriate, on the progress toward the integration date of 1 October 2015.
- Head of Internal Audit Opinion Statement which states that:
Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

7. Conclusion

No other significant internal control issues were identified.

Signed



Mairead McAlinden
Chief Executive

Date: 25 May 2016

Statement of compliance with the code of governance

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

The Board of Directors is committed to high standards of corporate governance. For the year ending 31 March 2016 the Torbay and South Devon NHS Foundation Trust complied with all the provisions of the code of governance.

Going concern

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

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

Signed

A handwritten signature in black ink, appearing to read 'Mairead M. McAlinden', is written over a light grey rectangular background.

Mairead McAlinden
Chief Executive

Date: 25 May 2016

Independent auditors' report to the Council of Governors of Torbay and South Devon NHS Foundation Trust

Report on the financial statements

Our opinion

In our opinion, Torbay and South Devon NHS Group Foundation Trust's Group and Parent Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent Trust's affairs as at 31 March 2016 and of the Group's income and expenditure and of the Group's and of the Parent Trust's cash flows for the year then ended 31 March 2016; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16.

What we have audited

The financial statements comprise:

- the Consolidated and Parent Trust's Statement of Financial Position as at 31 March 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Parent Trust's Statement of Cash flows for the year then ended;
- the Consolidated and Parent Trust's Statement of Changes in Taxpayer's Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the NHS Foundation Trust Annual Reporting Manual 2015/16 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Our audit approach

Context

Our 2016 audit was planned and executed on the basis that the Trust completed an acquisition of Torbay and Southern Devon Health and Care Trust ("Care Trust") during the year, resulting in an enlarged integrated care organisation. Following the acquisition the Trust's name became Torbay and South Devon NHS Foundation Trust. As part of our audit we considered the accounting of the acquisition which we have included as an area of focus below. The Trust runs Torbay Hospital, nine community hospitals and provides health and social care in Dawlish, Teignmouth, Totnes, Dartmouth, Torbay, Newton Abbot, Ashburton, Bovey Tracey and the surrounding area.

We have focused our work on the economy, efficiency and effectiveness audit procedures in light of continued performance difficulties in A&E and RTT, as well as the outcomes of the CQC inspection in February 2016.

Overview



- Overall materiality: £6.4 million which represents 2% of total revenue.
- In establishing our overall approach we assessed the risks of material misstatement and applied our professional judgement to determine the extent of testing required over each balance in the financial statements.
- Risk of fraud in revenue and expenditure recognition.
- Revaluations of land and buildings.
- Acquisition of Torbay and Southern Devon Health and Care Trust.

The scope of our audit and our areas of focus

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the “Code”) and, International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as “areas of focus” in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<p>Risk of fraud in income and expenditure recognition</p> <p>See note 1 to the financial statements for the directors’ disclosures of the related accounting policies, judgements and estimates relating to the recognition of revenue and expenditure and notes 2 to 5 for further information.</p> <p>We focused on this area because the Trust delivered a planned deficit this year, however following the acquisition of Torbay and Southern Devon Health and Care Trust (“Care Trust”) in year, we assessed that there was an incentive to present financial performance as positively as possible.</p> <p>The Trust receives the majority of its income from local commissioners and the local authority for the services it provides. The majority of contracts are block contracts which are an agreed amount paid for the year. Within these contracts there are variable performance measures, including penalties, which are dependent on the delivery of activity. In addition and in line with other Trusts, non-contractual income is received during the year, for example winter pressure funding.</p> <p>We therefore determined the risks to be:</p> <ul style="list-style-type: none"> • inappropriate recognition of revenue from 2016/17 to 2015/16 in order to improve the current year position; • inappropriate recognition of revenue where the performance obligation has not occurred; and • deferral of expenditure from 2015/16 to 2016/17, through an understatement of liabilities, or an overstatement of prepayments. 	<p>Revenue</p> <p>We evaluated and tested that the accounting policy for income and expenditure recognition was consistent with the requirements of the NHS Annual Reporting Manual.</p> <p>We read the relevant parts of the significant contracts and agreed income recognised on these contracts back to the contract value. In addition, we determined that these significant contract arrangements were not complex. We identified contract performance penalties and agreed these back to supporting documentation.</p> <p>For a sample of revenue transactions, which do not arise from block contract arrangements, we agreed the income recognised back to supporting documentation and cash receipts.</p> <p>Intra- NHS balances</p> <p>We examined intra-NHS confirmations received by the Trust (through Monitors ‘agreement of balances’ exercise) of income and expenditure transactions that had occurred during the year and year end balances. We tested unresolved differences by agreeing to correspondence between the parties, which we found to support the balances recognised by the Trust.</p> <p>Manipulation through journal entries</p> <p>Our journals work was carried out using a risk based approach. We used data analysis techniques to identify the journals that had unusual account combinations. For example credits to revenue which do not debit debtors or cash. Where unusual journals were identified, we traced them back to supporting documentation to verify our understanding of the journal and corroborate the amount recorded.</p> <p>Expenditure</p> <p>We selected a number of invoices and payments recognised after the year-end, traced them to supporting documentation, such as invoices to determine whether the expenditure was recognised in the correct period.</p> <p>We also compared the nature and value of accruals and prepayments recognised in the current year, and the prior year for evidence of omissions. We also tested provisions to check that they were valid and not understated.</p> <p>No material exceptions were noted in the procedures performed on risk of fraud in revenue and expenditure recognition.</p>

Revaluations of land and buildings

See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 9 for further information.

Property, plant and equipment (PPE), totalling £167 million, represents the largest balance in the Trust's statement of financial position. The value of land is £8.4 million and of buildings is £114.7 million. All PPE assets are measured initially at cost with land and buildings being subsequently measured at fair value based on periodic valuations. The valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.

The Trust commissioned the valuer to review the value of all assets brought into use in the year and to also consider the value of the existing land and buildings following changes in Building Cost Information Service (BCIS) indices in the year. We focused on this area because the value of the properties and the related movements in their fair values recognised in the financial statements are material. Additionally, the value of properties included within the financial statements is dependent upon the reliability of the valuations obtained by the Trust, which are themselves dependent on:

- the accuracy of the underlying data provided to the valuer by the Directors and used in the valuation;
- assumptions made by the Directors, including the location of a "modern equivalent asset"; and
- the selection and application of the valuation methodology applied by the valuer, including assumptions relating to build costs and the estimated useful life of the buildings.

The Trust also commissioned the valuer to consider the value of the land and buildings, obtained as part of the acquisition of Torbay and Southern Devon Health and Care NHS Trust, following changes in BCIS indices in the year. As part of this review the valuer also considered and adjusted identified redundant space within the assets, based on the ICO strategy to consolidate service delivery across region.

We confirmed that the valuer engaged by the Trust to perform the valuations had professional qualifications and was a member of the Royal Institute of Chartered Surveyors (RICS).

We obtained and read the relevant sections of the full valuation performed by the Trust's valuer. Using our own valuations specialist, we determined that the methodology and assumptions applied by the valuer were consistent with market practice in the valuation of Trust's buildings.

We tested the data provided by the Trust to the external valuer by:

- checking that the portfolio of properties included in the valuation was consistent with the Trust's fixed asset register. No issues were identified from this procedure;
- confirming independently of the finance function, that assets brought into use in year had only a trivial impact on the gross internal area of the estate; and
- we agreed the consideration of redundant space to underlying drawings prepared independently by the Estates department and confirmed that this had been used by the valuer in his valuation report. No exceptions were identified from this procedure.

We agreed that the values provided to the Trust by the valuer had been correctly included in the accounts and that the valuation movements were accounted for correctly.

Acquisition of Torbay and South Devon Health and Care Trust

See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to the recognition of revenue and expenditure and note 30 for further information.

The Trust acquired Care Trust on 1 October 2015, recognised as a transfer by absorption, which means that the Trust obtains the assets and liabilities of the Care Trust at their book value. This resulted in the recognition of net assets on absorption of £31.8m, which is reflected as a single line disclosure on the face of the Consolidated Statement of Comprehensive Income.

We focused on this area to ensure that the Trust followed the requirements of the FT ARM. Further, there are a number of disclosures which are required in order to provide sufficient information to the reader of the financial statements.

We reviewed the work of internal audit, who tested the transfer of balances, including sub-ledger detail between the closing Care Trust financial ledger and the postings into the Trust ledger. Their work did not identify any issues. We were satisfied with their independence, competence and methodology used in completing this work.

We tested the opening balances transferred, and agreed that the values recognised in the ledger and disclosed in the financial statements are consistent with the closing net asset position within the 30 September 2015 Care Trust financial statements.

We reviewed the guidance within the FT ARM and concur with management that the transaction was appropriately recognised as a transfer by absorption. We compared the disclosure of the acquisition within the financial statements (note 30) with the requirements of the ARM and confirmed that it was consistent.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the environment in which the Group operates.

The Trust comprises one single entity with books and records all retained at the head office in Torquay. The group comprises the Trust and SDH Developments Limited. We performed full scope audit procedures on both the Trust and its subsidiary company. We performed our audit at the head office in Torquay.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall Group materiality</i>	£6.4 million (2015: £4.9 million).
<i>How we determined it</i>	2% of revenue.
<i>Rationale for benchmark applied</i>	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £250,000 (2015: £250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Other reporting in accordance with the Code

Opinions on other matters prescribed by the Code

In our opinion:

- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16; and
- the part of the Staff Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16.

Other matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- | | |
|---|----------------------------------|
| <ul style="list-style-type: none">information in the Annual Report is:<ul style="list-style-type: none">materially inconsistent with the information in the audited financial statements; orapparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Trust acquired in the course of performing our audit; orotherwise misleading. | We have no exceptions to report. |
| <ul style="list-style-type: none">the statement given by the directors on page 24, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group and Parent Trust's performance, business model and strategy is materially inconsistent with our knowledge of the trust acquired in the course of performing our audit. | We have no exceptions to report. |

<ul style="list-style-type: none">the section of the Annual Report on page 26, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.
<ul style="list-style-type: none">the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 or is misleading or inconsistent with information of which we are aware from our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.	We have no exceptions to report.
We are also required to report to you if:	
<ul style="list-style-type: none">we have referred a matter to Monitor under paragraph 6 of Schedule 10 to the NHS Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or	We have no exceptions to report.
<ul style="list-style-type: none">we have issued a report in the public interest under paragraph 3 of Schedule 10 to the NHS Act 2006.	We have no exceptions to report.

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code we are required to report to you if we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

As explained in section 4.2 in the Annual Governance Statement the Trust failed to meet the accident and emergency (A&E) four-hour target throughout the year, despite taking a number of actions. The CQC also inspected the Trust in February 2016 and raised concerns about the potential risks to safe care of patients in the emergency department during periods of escalation. They received official notification outlining possible enforcement action on 1 March 2016. The Trust has since responded highlighting where improvements had already been made and have developed an action plan which will be monitored through a CQC approved governance process. The Trust is currently waiting on the final CQC report.

Except for the performance of services provided in the emergency department, we have been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the financial period.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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 2015/16.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Code, 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 Torbay and South Devon NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group and Parent 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Responsibilities for securing economy, efficiency and effectiveness in the use of resources

Our responsibilities and those of the directors

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We are required under paragraph 1(d) of Schedule 10 to the NHS Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

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 Code.



Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth

27 May 2016

- (a) The maintenance and integrity of the Torbay and South Devon 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.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Torbay and South Devon NHS Foundation Trust
Consolidated Statement of comprehensive income
For the year ended 31 March 2016

	Note	Financial performance assessed by Monitor 2015/16 £000	Accounting transactions that are not part of the metrics used by Monitor to assess financial performance 2015/16 £000	Total 2015/16 £000	Financial performance assessed by Monitor 2014/15 £000	Accounting transactions that are not part of the metrics used by Monitor to assess financial performance 2014/15 £000	Total 2014/15 £000
Income from patient and social care activities	2.1	280,168	0	280,168	204,749	0	204,749
Other operating income	3.1	38,388	6,498	44,886	38,588	1,879	40,467
Operating income		318,556	6,498	325,054	243,337	1,879	245,216
Operating expenses	4	(324,856)	(14,832)	(339,688)	(242,571)	(7,893)	(250,464)
Operating (deficit) / surplus before financial income and expenses		(6,300)	(8,334)	(14,634)	766	(6,014)	(5,248)
Finance costs							
Financial income	7	114	0	114	81	0	81
Financial costs	8	(2,305)	0	(2,305)	(1,162)	0	(1,162)
Unwinding of discount on provisions	18	(50)	0	(50)	(72)	0	(72)
PDC Dividends payable		(2,038)	0	(2,038)	(2,248)	0	(2,248)
Net finance costs		(4,279)	0	(4,279)	(3,401)	0	(3,401)
Gain from transfers by absorption	30.1	0	31,843	31,843	0	0	0
Corporation tax expense		(26)	0	(26)	0	0	0
(Deficit) / Surplus for the financial year from continuing operations		(10,605)	23,509	12,904	(2,635)	(6,014)	(8,649)
Other comprehensive income							
Revaluations of property, plant and equipment		0	1,581	1,581	0	1,724	1,724
Other reserve movements		0	(250)	(250)			
Total comprehensive income / (expense) for the year		(10,605)	24,840	14,235	(2,635)	(4,290)	(6,925)

Transactions excluded by Monitor when assessing a Foundation Trust's Financial performance

Monitor the Trust's governing body excludes a number of types of transactions when assessing a Foundation Trust's performance. During the course of the year the Trust accounted for the following transactions which do not form part of Monitors assessment of financial performance: -

	Note	2015/16 £000	2014/15 £000
Other operating income			
Revenue funds provided by Department of Health offset by repayment of PDC Capital	2.1	2,500	0
Charitable and other contributions to capital expenditure	10.1	237	811
Reversal of Impairment Income	10.3	3,761	1,068
Sub-total		<u>6,498</u>	<u>1,879</u>
Operating expense			
Impairment Expenditure	10.3	(13,368)	(6,693)
Non recurrent costs on the acquisition of another NHS organisation (* see below)	-	(1,464)	(1,200)
Sub-total		<u>(14,832)</u>	<u>(7,893)</u>
Gain / (loss) from transfers by absorption	30.1	<u>31,843</u>	<u>0</u>
Revaluations of property, plant and equipment	10.3	<u>1,581</u>	<u>1,724</u>
Other reserve movements	SOCITE	<u>(250)</u>	<u>0</u>

Please refer to the notes to the accounts and other primary financial statements as referenced above for the rationale of their exclusion.

* During 2015/16 the Trust has incurred non recurrent expenditure totalling £1,464,000 (2014/15 £1,200,000) on transactional costs relating to the acquisition of Torbay and Southern Devon Health and Care NHS Trust. The transactional costs incurred include staff costs as well as professional and legal support fees. These costs are included within Operating Expenses. No external financial support has been received in year to offset these costs.

Presentation of Consolidated Financial Statements

As disclosed in Note 11 to the Financial Statements the Trust has a wholly owned subsidiary company, the financial results of which have been consolidated within the Trust's Statement of Financial Position and accompanying notes to the accounts. In accordance with the Companies Act the Trust has taken advantage of omitting separate disclosures on the Statement of comprehensive income and accompanying notes to the accounts for both 'Group' and 'Trust' transactions as the value of transactions that occur between the subsidiary company and third parties is immaterial in value.

Torbay and South Devon NHS Foundation Trust
Statement of financial positions
As at 31st March 2016

	Note	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Non-current assets					
Intangible assets	9	7,357	4,615	7,357	4,615
Property, plant and equipment	10	166,800	118,021	166,800	118,021
Trade and other receivables	13	1,936	2,243	2,424	2,761
Total non-current assets		176,093	124,879	176,581	125,397
Current assets					
Inventories	12	6,418	6,049	5,785	5,636
Trade and other receivables	13	20,572	8,950	20,411	8,882
Cash and cash equivalents	19	23,572	12,061	23,253	11,814
Total current assets		50,562	27,060	49,449	26,332
Total assets		226,655	151,939	226,030	151,729
Current liabilities					
Trade and other payables	15	(32,418)	(17,801)	(31,980)	(17,677)
Borrowings	17	(6,375)	(3,365)	(6,375)	(3,365)
Provisions	18	(540)	(553)	(540)	(553)
Other liabilities	16	(882)	(927)	(882)	(927)
Total current liabilities		(40,215)	(22,646)	(39,777)	(22,522)
Non-current liabilities					
Borrowings	17	(82,354)	(37,293)	(82,354)	(37,293)
Provisions	18	(3,938)	(3,587)	(3,938)	(3,587)
Total non-current liabilities		(86,292)	(40,880)	(86,292)	(40,880)
Total liabilities		(126,507)	(63,526)	(126,069)	(63,402)
Net current assets		10,347	4,414	9,672	3,810
Net assets employed		100,148	88,413	99,961	88,327
Financed by Taxpayers' equity					
Public dividend capital		59,979	62,830	59,979	62,830
Revaluation reserve		37,071	29,079	37,071	29,079
Income and expenditure reserve		3,098	(3,496)	2,911	(3,582)
Total taxpayers' equity		100,148	88,413	99,961	88,327

The notes on pages 5 to 36 form part of the financial statements

The accounts on pages I to xxi and pages 1 to 36 were approved by the Board of Directors on 25 May 2016 and signed on its behalf by: -



Mairead McAlinden
Chief Executive

Date: 25 May 2016

Torbay and South Devon NHS Foundation Trust
Consolidated Statement of changes in taxpayers equity
For the year ended 31 March 2016

Note	Group			
	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure reserve £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2015/16				
Balance at 1 April 2015	62,830	29,079	(3,496)	88,413
Surplus for the year	0	0	12,904	12,904
Revaluations of property, plant and equipment	10.3	1,581	0	1,581
Asset Disposals	0	(102)	102	0
Transfers by absorption - transfers between reserves	30.1	(351)	(11,598)	0
Movements in PDC in year	2.4	(2,500)	0	(2,500)
Transfers between reserves	10.3	0	5,436	0
Other reserve movements	0	0	(250)	(250)
Balance at 31 March 2016	59,979	37,071	3,098	100,148

Note	Trust			
	£000	£000	£000	£000
Changes in taxpayers' equity for 2015/16				
Balance at 1 April 2015	62,830	29,079	(3,582)	88,327
Surplus for the year	0	0	12,803	12,803
Revaluations of property, plant and equipment	10.3	1,581	0	1,581
Asset Disposals	0	(102)	102	0
Transfers by absorption - transfers between reserves	30.1	(351)	(11,598)	0
Movements in PDC in year	2.4	(2,500)	0	(2,500)
Transfers between reserves	10.3	0	5,436	0
Other reserve movements	0	0	(250)	(250)
Balance at 31 March 2016	59,979	37,071	2,911	99,961

Note	Group			
	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure reserve £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2014/15				
Balance at 1 April 2014	60,857	27,982	4,526	93,365
Deficit for the year	0	0	(8,649)	(8,649)
Revaluations of property, plant and equipment	0	1,724	0	1,724
Asset Disposals	0	(216)	216	0
Other recognised gains and losses	0	(411)	411	0
Movements in PDC in year	1,973	0	0	1,973
Balance at 31 March 2015	62,830	29,079	(3,496)	88,413

Note	Trust			
	£000	£000	£000	£000
Changes in taxpayers' equity for 2014/15				
Balance at 1 April 2014	60,857	27,982	4,439	93,278
Deficit for the year	0	0	(8,648)	(8,648)
Revaluations of property, plant and equipment	0	1,724	0	1,724
Asset Disposals	0	(216)	216	0
Other recognised gains and losses	0	(411)	411	0
Movements in PDC in year	1,973	0	0	1,973
Balance at 31 March 2015	62,830	29,079	(3,582)	88,327

Description of reserves

Public dividend capital

For further description of the Public Dividend Capital see note 1.7. During the year the Trust repaid £2,500k of PDC to the Department of Health (2014/15 £0k). This cash outflow was matched by non recurrent income received from the Department of Health. The £2,500k of income is incorporated within Operating Income - see note 2.1 to these accounts. As explained in the Consolidated Statement of Comprehensive Income this non recurrent income is excluded from the Trust's metrics by Monitor when assessing a Foundation Trust's Financial Performance

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 2015/16 financial year the Trust revalued both the PPE Buildings and Dwellings brought into use and PPE Buildings and Land acquired from Torbay and Southern Devon Health and Care NHS Trust as well as the Trust's new Linear Accelerator Building which is currently undergoing commissioning checks. In line with standard accounting practice Specialised Building Assets are held at their Modern Equivalent Asset (MEA) valuation which assumes a ground up build in a green field site environment. The Trust requested the District Valuer to assess whether an MEA valuation adjustment was required for these assets.

The assessment made by the District Valuer demonstrated that for the Specialised Building Assets brought into use in 2015/16 that significant value had been made to the capital estate but that an MEA impairment was required to be recognised totalling £4,153k. Of this impairment value, a proportion could be offset against the Revaluation Reserve, the value of which totals £2,022k.

Of the assets acquired from Torbay and Southern Devon Health and Care NHS Trust (NHST) on 1st October 2015, a review undertaken by the District Valuer indicated that a reduction in value totalling £12,300k was required. £7,895k of the diminution in value was associated with Land that was acquired and the balance of £4,405k related to Specialised PPE Buildings. The reduction in the value of Buildings relates to a loss of service potential of these facilities. This reduction has been charged to operating expenditure as an impairment charge. Of the Land that was acquired £3,085k of the diminution in value has been debited to the revaluation reserve to offset credit balances associated with these assets and the balance of £4,810k has been charged to Operating Expenditure as an impairment charge in line with IAS36.

The Trust also assesses whether to apply indexation to the valuation of its Specialised Buildings at the end of each accounting period. The indexation is based upon BCIS indexation adjusted for local factors. In 2015/16 the change in these indices was relatively material to the Trust's reported Statement of Financial Position. Consequently indexation has been applied. The indexation has increased the value of Specialised Buildings by £8,427k. £4,666k of this increase in valuation has been credited to the revaluation reserve and the balance of £3,761k has been credited to the Statement of Comprehensive Income as a 'Reversal of Impairment'.

The movements processed through the 2015/16 Revaluation Reserve can be summarised as follows: -

	Revaluations of PPE £000	Impairments - Operating Expenditure £000	Transfer between reserves £000
Modern Equivalent Asset assessment of assets constructed and brought into use / commissioning		(4,153)	2,022
Reduction in value of assets acquired from Torbay and Southern Devon Health and Care NHS Trust	(3,085)	(9,215)	3,414
Indexation applied to Specialised Building Assets as at 31st March 2016	4,666		
	1,581	(13,368)	5,436

Other Reserve movements

During 2015/16 the Trust restated part of the value of its Finance Lease Receivable asset. The restatement was necessary as a consequence of an error made when International

Torbay and South Devon NHS Foundation Trust
Consolidated Statement of cash flows
For the year ended 31 March 2016

	Note	Group 2015/16 £000	Group 2014/15 £000	Trust 2015/16 £000	Trust 2014/15 £000
Cash flows from operating activities					
Operating (deficit) from continuing operations		(14,634)	(5,248)	(14,790)	(5,278)
Operating cash flow before changes in working capital and provisions		(14,634)	(5,248)	(14,790)	(5,278)
Changes in working capital and provisions					
Depreciation and amortisation	4.1	9,488	9,102	9,488	9,102
Impairments and reversals of impairments	4.1	13,368	6,693	13,368	6,693
Reversal of impairments	3.1	(3,761)	(1,068)	(3,761)	(1,068)
Loss on Disposal	4.1	22	33	22	33
Non-cash donations/grants credited to income		(237)	(811)	(237)	(811)
Decrease/(Increase) in trade and other receivables		(2,243)	3,123	(2,150)	3,313
Decrease/(Increase) in inventories		(369)	320	(149)	298
Increase/(Decrease) in trade and other payables		2,504	(2,424)	2,215	(2,491)
(Decrease) in other current liabilities		(45)	(540)	(45)	(540)
(Decrease) in provisions		(132)	(142)	(132)	(142)
Tax paid		0	(22)	0	0
Net cash generated from operating activities		3,961	9,016	3,829	9,109
Cash flows from investing activities					
Interest received		114	81	144	112
Payments for intangible assets		(3,005)	(2,128)	(3,005)	(2,128)
Payments for property, plant and equipment		(11,521)	(14,704)	(11,521)	(14,704)
Proceeds from disposal of plant, property and equipment		0	5	0	5
PFI lifecycle prepayments		(37)	0	(37)	0
Net cash used in investing activities		(14,449)	(16,746)	(14,419)	(16,715)
Net cash outflow before financing		(10,488)	(7,730)	(10,590)	(7,606)
Cash flows from financing activities					
Public dividend capital received		0	1,973	0	1,973
Public dividend capital repaid		(2,500)	0	(2,500)	0
Loans received from the Independent Trust Financing Facility		30,892	6,170	30,892	6,170
Loans repaid to the Independent Trust Financing Facility	17	(4,416)	(3,319)	(4,416)	(3,319)
Capital element of finance lease rental payments		0	(16)	0	(16)
Other Capital Receipts *		0	0	30	30
Capital element of Private Finance Initiative obligations		(296)	0	(296)	0
Interest paid		(1,311)	(1,155)	(1,311)	(1,155)
Interest element of finance lease		0	0	0	0
Interest element of Private Finance Initiative obligations		(928)	0	(928)	0
PDC Dividend paid		(2,283)	(2,334)	(2,283)	(2,334)
Net cash generated from financing activities		19,158	1,319	19,188	1,349
Net increase/(decrease) in cash and cash equivalents		8,670	(6,411)	8,598	(6,257)
Cash and cash equivalents at the beginning of the financial year		12,061	18,472	11,814	18,071
Cash and cash equivalents transferred by absorption		2,841	0	2,841	0
Cash and cash equivalents at the end of the financial year	19	23,572	12,061	23,253	11,814

* Other Capital Receipts totalling £30,000 (2014/15 £30,000) represents the value of loan principal repayments received from the Trust's wholly owned subsidiary company, SDH Developments Ltd

1 ACCOUNTING POLICIES

Monitor is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the FT ARM which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2015/16 issued by Monitor. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Basis of consolidation

The Group financial statements consolidate the financial statements of the Trust and its subsidiary undertaking made up to 31 March 2016. The income, expenses, assets, liabilities, equity and reserves of the subsidiaries have been consolidated into the Trust's financial statements and group financial statements have been prepared.

A subsidiary is an entity controlled by the Trust. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of the entity so as to derive benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. In accordance with the NHS Foundation Trust Annual Reporting Manual a separate income and cash flow statement for the parent (the Trust) has not been prepared.

The Trust is the Corporate Trustee of South Devon Healthcare Charitable Fund (Registered Charity 1052232). Under International Accounting Standards the Charitable Fund is considered to be a subsidiary of the Trust. The financial results of the Charity have not been consolidated into the Trust's Financial Statements. The reason for not consolidating is that it is not thought to be helpful to the reader of the Trust accounts and the Trust is able to elect not to consolidate on the grounds of immateriality.

1.2 Accounting convention

Historic Cost Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment at their value to the business by reference to their current costs using Modern Equivalent Assets as a valuation base and for intangible assets and inventories.

Going Concern

These accounts have been prepared on a going concern basis. The directors have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. The Trust has a planned deficit for the 2016/17 financial year of xxx which will result in the Trust requiring additional cash funding in the form of interim loan support. An interim revolving working capital support facility agreement has been approved by the Trust Board and signed by both the Trust and the representative of the Secretary of State for Health. This facility will allow the Trust to continue operating for the foreseeable future and for this reason the Directors consider it appropriate to continue to adopt the going concern basis in preparing the accounts.

Accounting estimates and judgments

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

The following are the key assumptions and critical judgements concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Annual leave accrual

The Trust is required to calculate the value of annual leave that employees have not taken at the end of the year and which is being carried forward into the following year. In 2015/16 the Trust has obtained precise records of untaken leave from all staff groups.

Income from non-contracted activity

A significant percentage of the Trust's income is from non-contracted income. The last month's activity data was not available at the time that the accounts were prepared. Therefore, an accrual for the income was calculated, based on the non-contracted income activity in period 11.

Partially completed patient spells

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

1.3 Segmental reporting policy

The Trust's accounts are presented in a manner which are consistent with the information presented to the Trust Board.

1.4 Income

Income is accounted for applying the accruals convention. Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.5 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.7 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the Trust, is payable as PDC dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) net cash balances held with the Government Banking Services and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.8 Intangible Assets

Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets, nor is expenditure incurred on research.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset where expenditure of at least £5,000 is incurred.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

1.8 Intangible Assets (continued)

Amortisation

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

Main asset class	Sub-category	Useful economic life (years)
Intangible assets		2 to 10

1.9 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

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

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

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of property, plant and equipment are not capitalised but are charged to the statement of comprehensive income in the year to which they relate.

Fixtures and equipment which have an asset life of less than 5 years or cost less than £50,000 are carried at depreciated historic cost as this is not considered to be materially different from fair value.

All other assets are measured subsequently at fair value. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The latest full revaluation of the Trusts specialised buildings was undertaken in 2013/14 with a prospective valuation date of 31 March 2014. In line with IAS16, during 2014/15 and 2015/16 the Trust requested interim valuations from the District Valuation Office to determine whether MEA impairments were required in respect of material construction schemes that were brought into use during both financial years. The Trust also commissioned the District Valuation Office to undertake a valuation of the Trusts new Pharmacy Manufacturing Unit which is nearing completion. Finally the Trust commissioned the District Valuer to undertake a review of the Community Hospitals and Clinics that were acquired from Torbay and South Devon Health and Care NHS Trust during 2015/16. The review undertaken by the District Valuer focused on how these assets could be provided on an alternative site basis in line with the organisation's emerging care model. The impact of all of these assessment is described in further detail in the Property, Plant and Equipment note to the accounts.

The Treasury has decided that the NHS should value its property assets in line with the Royal Institution of Chartered Surveyors (RICS) Red Book standards. This means that specialised property, for which market value cannot be readily determined, should be valued at depreciated replacement cost (DRC) on a modern equivalent asset basis.

In accordance with the Treasury accounting manual, valuations are now carried out on the basis of modern equivalent asset replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value.

Alternative open market value figures are only used for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are initially valued at cost and are subsequently valued by professional valuers when construction is completed if there is evidence that the construction cost is not a good approximation of fair value.

1.9 Property, Plant and Equipment (continued)

Measurement

Valuation (continued)

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Non Property assets

For non-property assets the depreciated historical cost basis has been adopted as a proxy fair value in respect of assets which have short lives or low values. Where appropriate, assets assessed to be either high value or long life have been revalued to their current depreciated replacement cost using estimations of current market value.

Subsequent expenditure

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the Statement of Comprehensive Income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition and the carrying amount of the replaced part is derecognised.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives on a straight line basis. Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, Dwellings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

The following table details the useful economic lives for the main classes of assets and, where applicable, sub-categories within each class.

Main asset class	Useful economic life (years)
Buildings (including Dwellings)	10 to 45
Plant and Machinery	2 to 15
Information technology	2 to 8
Furniture and fittings	5 to 10
Transport equipment	2 to 8

Revaluation and impairment

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

In accordance with the FT Annual Reporting Manual, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

1.9 Property, Plant and Equipment (continued)

Revaluation and impairment (continued)

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

1.10 Donated, Government Grant and Other Grant Funded Assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.11 Revenue, Government and Other Grants

Government grants are grants from Government bodies other than income from Healthcare Commissioners or NHS Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Cost is determined either on a first-in first-out (FIFO) basis or a weighted average cost basis.

Provision is made where necessary for obsolete, slow moving and defective stocks.

1.13 Cash and cash equivalents

Cash and cash equivalents are recorded at the current values of these balances in the Trust's cashbook. These balances exclude monies held in the Trust's bank accounts belonging to patients. Account balances are only set off where a formal agreement has been made with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.14 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
 - its technical feasibility and;
 - its resulting in a product or service which will eventually be brought into use;
- the trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.
- the Trust can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible NHS Foundation Trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately. However where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

Non-current assets acquired for use in research and development are amortised over the life of the associated project.

1.15 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation where it is more likely than not that an outflow of resources embodying economic benefits will be required. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury's discount rates and mandated by HM Treasury.

1.16 Risk pooling schemes

Clinical negligence costs

The NHS Litigation Authority (NHS LA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHS LA, which, in return, settles all clinical negligence claims. Although the NHS LA 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 NHS LA on behalf of the Trust is disclosed at note 18. 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 21 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 21, 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 trust is a Health Service Body within the meaning of s986 Corporation Taxes Act 2010. Accordingly is not liable to corporation tax. The trust is also exempt from tax on chargeable gains under S271(3) Taxation of Chargeable Gains Act 1992.

There is, however, a power for HM Treasury to submit an order to Parliament which will dis-apply the corporation tax exemption in relation to particular activities of a NHS foundation trust (s987 Corporation Taxes Act 2010). Accordingly, the trust is potentially within the scope of corporation tax in respect of activities to be specified in the order which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum. Until the order is approved by Parliament, the trust has no corporation tax liability.

1.20 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

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

For finance assets the assets are recognised at the commencement of the lease. The annual rental is split between the repayment of the asset and a finance income so as to achieve a constant rate of finance over the life of the lease. The annual finance income is credited to Other Operating Income in the Statement of Comprehensive Income. The lease asset is de-recognised when the liability is discharged, cancelled or expires.

1.20 Leases (continued)

Lessor of assets

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.21 Accounting standards that have been issued but have not yet been adopted

IASB standard and IFRIC interpretations

The following accounting standards have been issued but are not yet effective or adopted by Monitor. The FT cannot adopt new standards unless they have been adopted in the FT ARM issued by Monitor. The FT ARM generally does not adopt an international standard until it has been endorsed by the European Union for use by listed companies. In some cases, the standards may be interpreted in the FT ARM and therefore may not be adopted in their original form. The analysis below describes the anticipated timetable for implementation and the likely impact on the assumption that no interpretations are applied by the FT ARM.

- i) IFRS 11 (amendment) – acquisition of an interest in a joint operation (May 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- ii) IAS 16 (amendment) and IAS 38 (amendment) – depreciation and amortisation (May 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- iii) IAS 16 (amendment) and IAS 41 (amendment) – bearer plants (Jun 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- iv) IAS 27 (amendment) – equity method in separate financial statements (Aug 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- v) IFRS 10 (amendment) and IAS 28 (amendment) – sale or contribution of assets (Sep 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- vi) IFRS 10 (amendment) and IAS 28 (amendment) – investment entities applying the consolidation exception (Dec 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- vii) IAS 1 (amendment) – disclosure initiative (Dec 2014)
Not yet EU adopted. Expected to be effective from 2016/17.
- viii) IFRS 15 Revenue from contracts with customers (May 2014)
Not yet EU adopted. Expected to be effective from 2017/18.
- ix) Annual improvements to IFRS: 2012-15 cycle (Sep 2014)
Not yet EU adopted. Expected to be effective from 2017/18.
- x) IFRS 9 Financial Instruments (Jul 2014)
Not yet EU adopted. Expected to be effective

1.22 Accounting standards that have been adopted early

No new accounting standards or revisions to existing standards have been early-adopted in 2015/16

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.

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised as a Transfer by Absorption within the Statement of Comprehensive Income, but not within operating activities.

Adjustments to align the acquired function to the Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

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 1.20.

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

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised as a Transfer by Absorption within the Statement of Comprehensive Income, but not within operating activities.

Adjustments to align the acquired function to the Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

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.

1.24 Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

In accordance with IAS 17, the increase in the annual unitary payment due to cumulative indexation is treated as contingent rent and is expensed as incurred. In substance, this is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

1.24 Private Finance Initiative (PFI) transactions (continued)

Lifecycle replacement

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

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

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

1.25 Transfers of functions to/from other NHS bodies

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised as a Transfer by Absorption within the Statement of Comprehensive Income, but not within operating activities.

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised Public Dividend Capital or revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its Public Dividend Capital reserve and/or revaluation reserve, as appropriate, to maintain transparency within public sector accounts.

Adjustments to align the acquired assets / liabilities to the Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

For functions that the Trust has transferred to another NHS body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/ liabilities transferred is recognised as a Transfer by Absorption within the Statement of Comprehensive Income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

2 Income

2015/16
£000

2014/15
£000

2.1 Income from patient and client care activities - by activity

Elective income	39,712	40,486
Non elective Income	57,240	51,298
Outpatient income	53,431	53,783
A&E income	8,269	7,658
Other NHS clinical income	47,635	50,208
Total Acute income at full tariff (protected)	206,287	203,433
Community income - NHS	39,157	0
Community income - non-NHS	30,789	0
Total Community income	69,946	0
Additional income for delivery of healthcare services	2,500	0
Private patient income	699	573
Other non-protected patient and client care income	736	743
Total income from patient and client care activities	280,168	204,749

The Community Income is new to 2015/16 and is a direct consequence of acquiring Torbay and Southern Devon Health and Care NHS Trust on 1st October 2015. Please refer to note 30 for further details.

The Additional income for the delivery of healthcare services is a non recurrent contribution received from the Department of Health during 2015/16. The income was matched by a capital repayment of Public Dividend Capital. This income is excluded from the financial results of the Trust by Monitor when assessing the Trust's financial performance

2.2 Total income from patient and client care activities

Commissioner-Requested Services	278,733	203,433
Non commissioner-Requested Services	1,435	1,316
Total services	280,168	204,749

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.

2.3 Income from patient and client care activities - by source

2015/16
£000

2014/15
£000

NHS Foundation Trusts	16	234
NHS Trusts	118	120
CCG's & NHS England	242,752	200,597
Local Authorities	9,278	2,232
NHS Other	222	251
Non-NHS: private patients	654	515
Non-NHS: overseas patients (non-reciprocal)	44	58
Non-NHS: NHS Injury Scheme	699	706
Non-NHS: other	23,885	36
Additional income for delivery of healthcare services	2,500	0
Total income from patient and client care activities	280,168	204,749

NHS Injury Scheme income is subject to a provision for doubtful debts of 21.99% (2014/15 19.5%) to reflect expected rates of collection.

2.4 Income from overseas patients - analysis

2015/16
£000

2014/15
£000

Income (as disclosed in note 3.4)	44	58
Cash payments received in-year	52	58
Amounts added to provision for impairment of receivables	0	0
Amounts written off in-year	5	2

3.1 Other operating income

	2015/16 £000	2014/15 £000
Research and development	1,439	1,749
Education and training	7,587	7,877
Charitable and other contributions to capital expenditure	237	811
Charitable and other contributions to revenue expenditure	1,100	605
Non-patient care services to other bodies	8,059	9,937
Reversal of impairments of property, plant and equipment	3,761	1,068
Revenue received from finance leases	0	62
Revenue received from operating leases	679	747
Other income	22,024	17,611
Total other operating income	44,886	40,467

Non-patient care services to other bodies includes £2.1m (2014/15 £2.1m) from hosting the Audit South West - Internal Audit Counter Fraud and Consultancy Services.

Other income includes £16.0m sales (2014/15 £13.9m) from the Pharmacy Manufacturing Unit.

3.2 Operating lease income

	2015/16 £000	2014/15 £000
Rents recognised as income in the year	679	747
	679	747

Future minimum lease payments due

	2015/16 £000	2014/15 £000
Not later than one year	691	694
Later than one and not later than five years	20	35
	711	729

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 2015/16 this income totalled £664,000 (2014/15 £702,000)

4 Operating expenses

4.1 Operating expenses comprise:

	2015/16 £000	2014/15 £000
Services from other NHS Foundation Trusts	2,021	1,982
Services from NHS Trusts	1,079	955
Services from CCGs and NHS England	0	20
Purchase of healthcare from non NHS bodies	14,987	139
Purchase of social care	23,597	0
Executive Directors' costs	1,136	1,122
Non Executive Directors' costs	147	123
Staff costs	184,717	150,903
Supplies and services - clinical (excluding drug costs)	24,446	23,571
Supplies and services - general	4,655	4,506
Establishment	2,632	2,085
Research and development (not included in employee expenses)	90	169
Research and development (included in employee expenses)	1,402	1,329
Transport	1,994	1,650
Premises	14,031	12,145
Increase / (Decrease) in provision for impairment of receivables	245	(179)
Drug costs (non inventory)	1,199	499
Drug Inventories consumed	28,080	24,566
Inventories written down	23	147
Rental under operating leases - minimum lease payments	1,546	1,137
Depreciation on property, plant and equipment	8,758	8,216
Amortisation on intangible assets	730	886
Impairments of property, plant and equipment	13,368	6,693
Audit services - statutory audit	87	94
Other auditors' remuneration - other services	16	24
Clinical negligence	4,217	4,316
Loss on disposal of other property, plant and equipment	22	33
Training, courses and conferences	836	713
Consultancy	48	229
Internal Audit pay costs	216	201
Other	3,363	2,190
Total operating expenses from continuing operations	339,688	250,464

Staff costs reported in note 5.1 is higher than the employee expenditure reported above, due to some employee expenditure being capitalised

	2015/16 £000	2014/15 £000
Directors' remuneration and other benefits		
Salaries	1,017	1,046
Employer's contribution to pension scheme	121	106
	1,138	1,152

In the year ended 31 March 2016, 8 directors (2014/15 9) accrued benefits under a defined benefit pension scheme.

Highest paid director's remuneration and other benefits

	2015/16 £000	2014/15 £000
Salaries	195	191
Employer's contributions to pension scheme	28	0
	223	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, excluding Quality Reports, in 2015/16 was £61,750 (2014/15, £61,000) excluding VAT. The statutory audit costs for 2015/16 include an additional premium of £16,000 to cover the additional expense of auditing the acquisition transaction

Other auditors' remuneration includes: Other audit-related services of £12,000 (2014/15; £nil) and Other non audit services totalling £3,750 (2014/15, £24,558). PwC also audit the accounts of Torbay and South Devon NHS Charitable Fund, the audit fee for the statutory audit in 2015/16 was £5,000 (2014/15, £4,000) excluding VAT, this is not included in the above.

The Council of Governors reappointed PricewaterhouseCoopers LLP (PWC) as external auditors from the financial year 1 April 2014 for a three year term. The engagement letter signed on 22 December 2015 states that the liability of PWC, its members, partners and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed £1 million in the aggregate in respect of all services (2014/2015 £1m).

4.2 Arrangements containing an operating lease

	2015/16 Land £000	2015/16 Buildings £000	2015/16 Plant & Machinery £000	2015/16 Other £000	2015/16 Total £000
Minimum lease payments	0	739	380	427	1,546
	0	739	380	427	1,546

	2014/15 Land £000	2014/15 Buildings £000	2014/15 Plant & Machinery £000	2014/15 Other £000	2014/15 Total £000
Minimum lease payments	0	459	394	284	1,137
	0	459	394	284	1,137

Total future minimum lease payments

	Land 31 March 2016 £000	Buildings 31 March 2016 £000	Plant & Machinery 31 March 2016 £000	Other 31 March 2016 £000	Total 31 March 2016 £000
Payable:					
Not later than one year	0	878	241	562	1,681
Later than one and not later than five years	0	3,099	266	643	4,008
Later than five years	0	941	0	0	941
Total	0	4,918	507	1,205	6,630

Total future minimum lease payments

	Land 31 March 2015 £000	Buildings 31 March 2015 £000	Plant & Machinery 31 March 2015 £000	Other 31 March 2015 £000	Total 31 March 2015 £000
Payable:					
Not later than one year	0	459	258	429	1,146
Later than one and not later than five years	0	1,747	265	308	2,320
Later than five years	0	893	0	0	893
Total	0	3,099	523	737	4,359

Included in these commitments is £1.9m (2014/15 £2.4m) 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 2016 is £0.0m (31st March 2015: £0.3m). These costs when incurred are recharged to these organisations.

5 Staff

5.1 Staff costs

	2015/16			2014/15		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	152,092	147,034	5,058	125,107	120,950	4,157
Social Security Costs	10,710	10,509	201	9,436	9,248	188
Employer contributions to NHS pension scheme	18,277	17,777	500	14,734	14,358	376
Pension costs - other contributions	42	42	0	0	0	0
Termination benefits	0	0	0	208	208	0
Agency/contract staff	7,610	0	7,610	4,869	0	4,869
Total staff costs	188,731	175,362	13,369	154,354	144,764	9,590

During the year £1,260,000 of staff costs were capitalised (2014/15 £799,000).

5.2 Retirements due to ill-health

This note discloses the number of and additional pension costs for individuals who retired on ill-health grounds during the year.
There were 5 retirements (2014/15 3), at an additional cost of £194,000 (2014/15 £323,000). This information has been supplied by NHS Pensions

6 Better Payment Practice Code

Measure of compliance

	2015/16		2014/15	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	95,131	142,273	57,807	91,849
Total Non NHS trade invoices paid within target	82,869	94,642	48,703	77,107
Percentage of Non-NHS trade invoices paid within target	87%	67%	84%	84%
Total NHS trade invoices paid in the year	1,962	9,136	1,828	9,131
Total NHS trade invoices paid within target	1,579	7,512	1,609	7,486
Percentage of NHS trade invoices paid within target	80%	82%	88%	82%

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

7 Financial income

	2015/16 £000	2014/15 £000
Interest on bank accounts	114	81
Total financial income	114	81

Restatement of 2011/12 comparative data

As a result of Monitors reporting requirements the income the Trust received from its Finance Leased Asset has now been reported within Operating Income as opposed to

8 Financial costs

	2015/16 £000	2014/15 £000
Interest on Long Term Working Capital Loan from the Independent Trust Financing Facility	150	0
Interest on Loans to fund Capital Projects from the Independent Trust Financing Facility	1,227	1,162
PFI finance cost - main finance cost	767	0
PFI finance cost - contingent finance cost	161	0
Total financial expenses	2,305	1,162

9 Intangible assets
9.1 Intangible assets 2015/16

	Software licences	Group and Trust Licences & Trademarks purchased	Assets under Construction	Total
	£000	£000	£000	£000
Fair value at 1 April 2015	5,810	0	3,204	9,014
Additions purchased	1,141	170	1,694	3,005
Additions donated	0	0	0	0
Transfers by absorption	584	0	379	963
Reclassifications	900	302	(1,206)	(4)
Gross cost at 31 March 2016	8,435	472	4,071	12,978
Accumulated amortisation at 1 April 2015	4,399	0	0	4,399
Transfers by absorption	492	0	0	492
Charged during the year	730	0	0	730
Accumulated amortisation at 31 March 2016	5,621	0	0	5,621
Net book value				
- Purchased at 1 April 2015	1,352	0	3,204	4,556
- On-SOFP PFI contracts at 1 April 2015	0	0	0	0
- Government granted at 1 April 2015	0	0	0	0
- Donated at 1 April 2015	59	0	0	59
- Total at 1 April 2015	1,411	0	3,204	4,615
- Purchased at 31 March 2016	2,765	472	4,071	7,308
- On-SOFP PFI contracts at 31 March 2016	0	0	0	0
- Government granted at 31 March 2016	0	0	0	0
- Donated at 31 March 2016	49	0	0	49
- Total at 31 March 2016	2,814	472	4,071	7,357

9.2 Intangible assets 2014/15

	Software licences	Group and Trust Licences & Trademarks purchased	Assets under Construction	Total
	£000	£000	£000	£000
Fair value at 1 April 2014	5,347	0	1,056	6,403
Additions purchased	8	0	2,120	2,128
Additions donated	63	0	0	63
Reclassifications	392	0	28	420
Gross cost at 31 March 2015	5,810	0	3,204	9,014
Accumulated amortisation at 1 April 2014	3,513	0	0	3,513
Charged during the year	886	0	0	886
Accumulated amortisation at 31 March 2015	4,399	0	0	4,399
Net book value				
- Purchased at 1 April 2014	1,834	0	1,056	2,890
- On-SOFP PFI contracts at 1 April 2014	0	0	0	0
- Government granted at 1 April 2014	0	0	0	0
- Donated at 1 April 2014	0	0	0	0
- Total at 1 April 2014	1,834	0	1,056	2,890
- Purchased at 31 March 2015	1,352	0	3,204	4,556
- On-SOFP PFI contracts at 31 March 2015	0	0	0	0
- Government granted at 31 March 2015	0	0	0	0
- Donated at 31 March 2015	59	0	0	59
- Total at 31 March 2015	1,411	0	3,204	4,615

10 Property, plant and equipment

10.1 Property, plant and equipment 2015/16

Group and Trust

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation at 1 April 2015	5,815	73,948	3,842	23,324	42,687	588	15,288	3,772	169,264
Additions purchased	0	2,063	0	11,410	115	0	86	0	13,674
Additions donated	0	32	0	0	151	0	54	0	237
Transfers by absorption	9,555	40,230	0	298	2,012	103	2,303	923	55,424
Impairments recognised in operating income and expenses (*see note 10.3)	(4,810)	(6,662)	0	(1,896)	0	0	0	0	(13,368)
Reversal of impairments	0	3,759	2	0	0	0	0	0	3,761
Reclassifications	875	5,069	0	(6,923)	946	0	35	2	4
Revaluations	(3,085)	4,880	282	0	0	0	0	0	2,077
Disposals	0	(26)	0	0	(2,017)	0	(74)	(65)	(2,182)
Cost or Valuation at 31 March 2016	8,350	123,293	4,126	26,213	43,894	691	17,692	4,632	228,891
Depreciation at 1 April 2015	0	3,388	177	0	30,904	419	12,845	3,510	51,243
Charged during the year	0	4,162	176	0	2,776	53	1,453	138	8,758
Transfers by absorption	0	573	0	0	1,172	97	1,291	621	3,754
Revaluation surpluses (*see note 10.3)	0	470	26	0	0	0	0	0	496
Disposals	0	(4)	0	0	(2,017)	0	(74)	(65)	(2,160)
Accumulated depreciation at 31 March 2016	0	8,589	379	0	32,835	569	15,515	4,204	62,091
Net book value									
- Purchased and owned at 1 April 2015	5,815	66,843	3,665	23,324	10,704	169	2,403	247	113,170
- On-SOFP PFI contracts at 1 April 2015	0	0	0	0	0	0	0	0	0
- Government granted at 1 April 2015	0	0	0	0	0	0	0	0	0
- Donated at 1 April 2015	0	3,717	0	0	1,079	0	40	15	4,851
- Total at 1 April 2015	5,815	70,560	3,665	23,324	11,783	169	2,443	262	118,021
- Purchased and owned at 31 March 2016	8,350	92,274	3,747	26,213	10,075	122	2,089	397	143,267
- On-SOFP PFI contracts at 31 March 2016	0	17,027	0	0	0	0	0	0	17,027
- Government granted at 31 March 2016	0	38	0	0	0	0	9	0	47
- Donated at 31 March 2016	0	5,365	0	0	984	0	79	31	6,459
- Total at 31 March 2016	8,350	114,704	3,747	26,213	11,059	122	2,177	428	166,800

Additions Donated - impact upon Trust's Financial performance

As noted above, the Trust has benefitted from Charitable donations used to fund the purchase of Intangible and Property, Plant and Equipment assets during the year. These donations have been credited to Other Operating Income. In 2015/16 they total £237,000 (2014/15 Total of £811,000 of which Tangibles totalled £748,000 and Intangibles £63,000). As noted in the Consolidated Statement of comprehensive income, these donations are outside of the Trust's financial control they are therefore excluded by Monitor when assessing the financial performance of a Foundation Trust.

10.2 Property, plant and equipment 2014/15

Group and Trust

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation at 1 April 2014	5,815	67,024	3,701	26,361	40,444	591	15,175	3,731	162,842
Additions purchased	0	1,312	0	8,871	1,011	17	27	28	11,266
Additions donated	0	147	0	0	588	0	0	13	748
Impairments recognised in operating income and expenses	0	(752)	0	(5,941)	0	0	0	0	(6,693)
Reversal of impairments	0	1,067	1	0	0	0	0	0	1,068
Reclassifications	0	3,518	0	(6,046)	1,608	24	476	0	(420)
Revaluations	0	1,632	140	79	0	0	0	0	1,851
Disposals	0	0	0	0	(964)	(44)	(390)	0	(1,398)
Cost or Valuation at 31 March 2015	5,815	73,948	3,842	23,324	42,687	588	15,288	3,772	169,264
Accumulated depreciation at 1 April 2014	0	0	0	0	29,035	413	11,404	3,408	44,260
Charged during the year	0	3,268	170	0	2,820	50	1,806	102	8,216
Revaluation Surpluses	0	120	7	0	0	0	0	0	127
Disposals	0	0	0	0	(951)	(44)	(365)	0	(1,360)
Accumulated depreciation at 31 March 2015	0	3,388	177	0	30,904	419	12,845	3,510	51,243
Net book value									
- Purchased at 1 April 2014	5,815	63,439	3,701	26,361	10,547	178	3,706	312	114,059
- On SOFP PFI contracts at 1 April 2014	0	0	0	0	0	0	0	0	0
- Government Granted at 1 April 2014	0	0	0	0	0	0	0	0	0
- Donated at 1 April 2014	0	3,585	0	0	862	0	65	11	4,523
- Total at 1 April 2014	5,815	67,024	3,701	26,361	11,409	178	3,771	323	118,582
- Purchased and owned at 31 March 2015	5,815	66,843	3,665	23,324	10,704	169	2,403	247	113,170
- On SOFP PFI contracts at 31 March 2015	0	0	0	0	0	0	0	0	0
- Government Granted at 31 March 2015	0	0	0	0	0	0	0	0	0
- Donated at 31 March 2015	0	3,717	0	0	1,079	0	40	15	4,851
- Total at 31 March 2015	5,815	70,560	3,665	23,324	11,783	169	2,443	262	118,021

10.3 Revaluation of assets during 2015/16

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 and changes to local construction cost indices to the valuation of its Specialised Buildings (excluding Dwellings) and Dwellings 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.

As these revaluation movements values are largely outside of the Trust's financial control they are excluded by Monitor when assessing the financial performance of a Foundation Trust.

During 2015/16 the Trust commissioned the District Valuation Office to provide three valuation services.

The first phase was to provide the Trust with national building construction (BCIS) indices and local construction cost indices for the year 2015/16. The output of which indicated that overall the cost of construction had risen in the financial year by circa 7.39% (2014/15 3.82%). As this increase is relatively material to the Trust's Statement of Financial Position, the Trust has in line with best accounting practice, applied indexation to its Specialised Buildings as at 31st March 2016. The impact of this exercise has been to increase the value of the buildings by a net £8.4m (2014/15 £2.7m).

The second phase was to provide the Trust with an assessment of whether any impairment after applying the Modern Equivalent Asset (MEA) valuation methodology was necessary for Specialised Building assets currently undergoing commissioning and those brought into use during the course of 2015/16. As the Trust has adopted an accounting policy of valuing Buildings and Dwellings using a replacement 'Modern Equivalent Asset' (MEA) cost - inevitably impairment charges occur when ever a newly constructed asset or a refurbishment project has been completed. This is primarily due to three principles used by MEA. The first being that the asset is constructed from the ground up, secondly that there is unrestricted access to the construction site and thirdly the construction uses the latest modern materials. In practice most construction and refurbishment costs incurred are not on ground-up projects, construction rarely takes place in a site where access is solely granted to the construction firm and some refurbishment schemes have to use materials in keeping with the existing asset - e.g. for listed buildings. The impact of this exercise has been to decrease the value of buildings and assets under construction by circa £2.3m and circa £1.9m respectively

The Trust also acquired another NHS organisation, Torbay and South Devon Health and Care NHS Trust on 1st October 2015 on which date the Property, Plant and Equipment assets were transferred to the Foundation Trust. The asset transfer has been dealt with as a Transfer Upon Absorption transaction, further details of which can be found in note 30 to these accounts. The basis of the valuation used by Torbay and South Devon Health and Care NHS Trust on its building and land was different to that used by the Foundation Trust. Therefore the third and final stage of the valuation during 2015/16 was to undertake an exercise to revalue the assets acquired to align the valuations. The impact of this exercise has been to decrease the value of buildings and land by circa £4.4m and £7.9m respectively.

The outcome of these reviews have been incorporated into these financial statements and can be summarised as follows: -

Increase / (Decrease) in Revaluation									
	Note	Land £'000	Buildings excluding Dwellings £'000	Dwellings £'000	Assets under construction and payments on account £'000	Total £'000	Total of which has been credited to Other Operating Income £'000	Total of which has been charged to Operating Expenditure £'000	Proportion of which has been accounted for through the Revaluation Reserve £'000
Phase 1 - Indexation applied									
Indexation applied to Specialised Buildings; £2,713k :-	-								
Of which the value that reverses a previous impairment charge is: -	-	0	3,759	2	0	3,761	(3,761)		
Of which the value is credited to the Revaluation Reserve	-	0	4,410	256	0	4,666			(4,666)
Phase 2 - Modern Equivalent Asset (MEA) revaluation									
Assessment of whether the cost of building construction brought into use requires an impairment adjustment; £(752)k	-	0	(2,257)	0	(1,896)	(4,153)		4,153	
Phase 3 - Alignment of accounting policies / Service Potential assessment of asset i.e. Revaluation of Community Estate acquired on 1st October 2015									
Valuation of Land and Buildings acquired from Torbay and Southern Devon Health and Care NHS Trust using alternative MEA alternative site methodology.	-	(7,895)	(4,405)	0	0	(12,300)		9,215	3,085
Total		(7,895)	1,507	258	(1,896)	(8,026)	(3,761)	13,368	(1,581)
Reconciled to Primary Financial Statements / Other Notes to the Accounts									
Impairments recognised in Operating Expenditure - Cost section of PPE Note to accounts	10.1	(4,810)	(6,662)	0	(1,896)	(13,368)		13,368	
Reversal of impairments recognised in Other Operating Income - Cost section of PPE Note to accounts	10.1	0	3,759	2	0	3,761	(3,761)		
Revaluations - Cost section of PPE note to accounts	10.1	(3,085)	4,880	282	0	2,077			2,077
Revaluations - Depreciation section of PPE note to accounts	10.1	0	(470)	(26)	0	(496)			(496)
Sub-total	3.1; 4.1 & SOCITE	(7,895)	1,507	258	(1,896)	(8,026)	(3,761)	13,368	1,581
Transferred between I&E Reserve and Revaluation Reserve			-	-	-	-	-		
Of the above £16,453k impairment charge allocated to Operating Expenditure, credit balances totalling £4,666k 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		-	-	-	-			(4,666)
Total		(7,895)	1,507	258	(1,896)	(8,026)	(3,761)	13,368	(3,085)

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 2016.

SDH Developments Ltd

The company is registered in the UK, company no. 08385611 with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on 1st July 2013 as an Outpatients Dispensing service in Torbay Hospital and a significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements. The subsidiary company reported a £102,000 post tax profit in the year ending 31st March 2016 (2014/15 £1,000). Its gross and net assets at 31st March 2016 were £1,729,000 and £187,000 respectively. There has been no significant change in the trading risks during the course of the year.

12 Inventories	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
12.1 Inventories balances				
Drugs	1,948	1,632	1,315	1,219
Consumables	2,308	2,331	2,308	2,331
Energy	23	27	23	27
Inventories carried at fair value less costs to sell	2,139	2,059	2,139	2,059
Total	6,418	6,049	5,785	5,636

12.2 Inventory Movements and Inventories recognised in expenses	Group 2015/16 £000	Group 2014/15 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Carrying value at 1 April	6,049	6,369	5,636	5,934
Additions	38,827	35,534	31,264	30,964
Inventories recognised as an expense in the year	(38,435)	(35,707)	(31,099)	(31,186)
Write-down of inventories (including losses)	(23)	(147)	(16)	(76)
Other	0	0	0	0
Carrying value at 31 March	6,418	6,049	5,785	5,636

13 Trade and other receivables	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
13.1 Trade and other receivables balances				
Current				
NHS receivables - Revenue	8,260	3,127	8,260	3,127
Receivables due from NHS Charities	594	24	594	24
Provision for impaired receivables	(850)	(441)	(850)	(441)
Prepayments (non PFI)	4,391	2,660	4,391	2,662
Accrued income	2,302	1,407	2,302	1,407
Finance lease receivables	0	1	0	1
PFI lifecycle prepayments	37	0	37	0
PDC dividend receivable	415	170	415	170
Other receivables *	5,423	2,002	5,262	1,932
	20,572	8,950	20,411	8,882
Non-current				
Finance lease receivables	504	683	504	683
Other receivables *	1,432	1,560	1,920	2,078
	1,936	2,243	2,424	2,761
Total trade and other receivables	22,508	11,193	22,835	11,643

* Other receivables includes Non-NHS Trade and Non-NHS Pharmacy Manufacturing Unit (PMU) receivables totalling £1,741,000 (2014/15 £1,299,000) and NHS Recovery Unit receivables of £2,433,000 (2014/15 £2,161,000). The PMU manufactures and sells pharmaceutical products to both NHS and non-NHS customers.

Total trade and other receivables at 31 March 2016 included £8,969,000 transferred by absorption during 2015/16 (see note 30.1).

	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
13.2 Provision for impairment of receivables				
Balance at 1 April	441	678	441	678
Increase in provision	246	226	246	226
Amounts utilised	(1)	(58)	(1)	(58)
Transfers by absorption	165	0	165	0
Unused amounts reversed	(1)	(405)	(1)	(405)
Balance at 31 March	850	441	850	441
13.3 Ageing of impaired receivables				
0-30 days	17	27	17	27
30-60 days	44	5	44	5
60-90 days	72	2	72	2
90-180 days	46	19	46	19
over 180 days	849	387	849	387
Total	1,028	440	1,028	440
13.4 Receivables past their due date but not impaired				
0-30 days	2,961	827	2,961	827
30-60 days	1,467	76	1,467	76
60-90 days	875	119	875	119
90-180 days	126	270	126	270
over 180 days	2,151	1,952	2,151	1,952
Total	7,580	3,244	7,580	3,244
14 Finance lease receivables				
Gross lease receivables				
	Minimum lease receivables			
	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Gross lease receivables	3,049	3,673	3,049	3,673
of which those receivable				
- not later than one year	59	63	59	63
- later than one year and not later than five years	238	253	238	253
- later than five years	2,752	3,357	2,752	3,357
	3,049	3,673	3,049	3,673
Unearned interest income	(2,545)	(2,990)	(2,545)	(2,990)
Net lease receivables	504	683	504	683
of which those receivable:				
- not later than one year	0	1	0	1
- later than one year and not later than five years	1	8	1	8
- later than five years	503	674	503	674
	504	683	504	683

The finance lease receivables relates to the lease of three properties to the South West Ambulance Service NHS Foundation Trust, two of which expire in 2090 and one in 2071, and the lease of part of the Torbay Hospital Annexe site to the Devon Studio School which expires in 2063.

Total finance lease receivables at 31 March 2016 included £71,000 transferred by absorption during 2015/16 (see note 30.1).

15 Trade and other payables

	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Current				
Receipts in advance	2,024	1,169	2,024	1,169
NHS payables	810	523	810	523
Capital trade payables	1,101	461	1,101	461
Other trade payables	5,534	2,309	5,534	2,309
Social Security costs	3,798	2,920	3,798	2,920
Other payables *	4,916	3,660	3,918	3,536
Accruals **	14,210	6,759	14,795	6,759
Corporation Tax payable	25	0	0	0
	32,418	17,801	31,980	17,677

* Other payables include: - £2,898,000 (2014/15 £2,078,000) outstanding pensions contributions at 31 March 2016

** Accruals includes holiday pay of £19,000 (2014/15 £500,000) and property, plant and equipment of £3,377,000 (2014/15 £1,863,000)

Total trade and other payables at 31 March 2016 included £9,869,000 transferred by absorption during 2015/16 (see note 30.1).

16 Other liabilities

	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Current				
Deferred income	882	927	882	927

In 2015/16, deferred income includes £882,000 (2014/15 £889,000) relating to Maternity Care Pathway income from its main Commissioner.

17 Borrowings

	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Current				
Long term working capital loan from Independent Trust Financing Facility	2,100	0	2,100	0
Loans from Independent Trust Financing Facility to support Capital Projects	3,644	3,365	3,644	3,365
Obligations under PFI contracts	631	0	631	0
	6,375	3,365	6,375	3,365
Non-current				
Long term working capital loan from Independent Trust Financing Facility	17,850	0	17,850	0
Loans from Independent Trust Financing Facility to support Capital Projects	43,541	37,293	43,541	37,293
Obligations under PFI contracts	20,963	0	20,963	0
	82,354	37,293	82,354	37,293

Total borrowings at 31 March 2016 included £608,000 (current) and £21,282,000 (non-current) transferred by absorption during 2015/16 (see note 30.1).

Torbay and South Devon NHS Foundation Trust
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17 Borrowings (continued)

During 2015/16, the Trust entered into two further agreements with the Independent Trust Financing Facility (ITFF), for a Working Capital Loan of £21.0m and a Working Capital Loan Facility of £11.0m. In 2014/15 and prior years the Trust entered into other loan agreements with the ITFF. The value of loans approved as at 31st March 2016 and the drawdown thereon are listed below.

	Loan approved	Loan liability as at 31 March 2016				Analysis of loan liability as at 31 March 2016		Additional information		
		Gross loan principal drawdown as at 31 March 2016	Repayments made during prior periods	Repayments made during the financial year	Total Liability as at 31 March 2016	Principal Repayable within one year	Principal Repayable after one year	Annual Interest Rate	Loan Duration	Date of final loan repayment
	£000	£000	£000	£000	£000	£000	£000			
Loans and loan facility from Independent Trust Financing Facility										
Torbay Hospital Infrastructure Loans	20,000	20,000	(2,375)	(1,068)	16,557	1,068	15,489	3.41% & 1.90% *	20 years	Dec 2030 & Mar 2032 *
Pharmacy Manufacturing Fit Out Loan	16,000	16,000	(1,841)	(1,887)	12,272	1,887	10,385	3.14%	12 years	Sep 2022
Pharmacy Manufacturing Freehold Loan	8,240	8,220	(616)	(411)	7,193	411	6,782	2.99%	20 years	Sep 2033
Critical Care Unit and Hospital Front Entrance	12,700	4,321	0	0	4,321	0	4,321	2.34%	20 years	Nov 2034
Car Parking Facilities	1,900	1,425	0	0	1,425	158	1,267	1.66%	10 years	Nov 2024
Linear Accelerator Bunker and associated enabling works	3,382	3,382	0	0	3,382	0	3,382	2.34%	20 years	Nov 2034
Replacement Linear Accelerators	4,118	2,035	0	0	2,035	120	1,915	1.66%	10 years	Feb 2024
Sub-total loans for capital developments	66,340	55,383	(4,832)	(3,366)	47,185	3,644	43,541			
Long Term Working Capital Loan	21,000	21,000	0	(1,050)	19,950	2,100	17,850	1.47%	10 years	Sep 2025
Sub-total loans	87,340	76,383	(4,832)	(4,416)	67,135	5,744	61,391			
Working Capital Loan Facility	11,028	0	0	0	0	0	0	3.50%	5 years	Sep 2020
Total loans and loan facility	98,368	76,383	(4,832)	(4,416)	67,135	5,744	61,391			

* - The Torbay Hospital Infrastructure loans were received in two tranches. The earlier loan, total principal approved totalling £10m has an interest rate of 3.41% per annum. The subsequent loan, total principal also approved £10m, has an interest rate of 1.90% per annum.

18 Provisions

	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Current				
Pensions relating to other staff	230	287	230	287
Legal claims	310	266	310	266
	540	553	540	553
Non-current				
Pensions relating to other staff	3,938	3,587	3,938	3,587
	3,938	3,587	3,938	3,587

	Pensions relating to other staff £000	Legal claims £000	Total £000
At 1 April 2015	3,874	266	4,140
Change in the discount rate	0	0	0
Arising during the year	255	88	343
Transfers by absorption	345	75	420
Utilised during the year	(314)	(56)	(370)
Reversed unused	(42)	(63)	(105)
Unwinding of discount	50	0	50
At 31 March 2016	4,168	310	4,478

Expected timing of cash flows:

- not later than one year	230	310	540
- later than one year and not later than five years	1,189	0	1,189
- later than five years	2,749	0	2,749
At 31 March 2016	4,168	310	4,478

At 1 April 2014	3,989	221	4,210
Change in the discount rate	157	0	157
Arising during the year	188	165	353
Utilised during the year	(291)	(65)	(356)
Reversed unused	(241)	(55)	(296)
Unwinding of discount	72	0	72
At 31 March 2015	3,874	266	4,140

Expected timing of cash flows:

- not later than one year	287	266	553
- later than one year and not later than five years	1,110	0	1,110
- later than five years	2,477	0	2,477
At 31 March 2015	3,874	266	4,140

The provision entitled 'Pensions relating to other staff' has two components. The provisions for early retirement pensions and for injury benefit payments to staff have been based on information from NHS Pensions. The principal uncertainty relating to this is the life expectancy of the beneficiaries.

The provision entitled 'Legal claims' relates to personal injury claims received from employees and members of the public. These claims have been quantified according to guidance received from the NHSLA and the relevant insurance companies. Due to the inherent uncertainty of this type of claim it has been assumed that any of the claims being dealt with by the insurance companies will be settled and paid during the year ending 31 March 2016. The potential liability has been split into two parts with one part being provided for and the second part included in Contingencies at Note 21.

£61.9 million (2014/15 £27.8 million) is included in the provisions of the NHSLA at 31 March 2016 in respect of clinical negligence liabilities of the Trust.

19 Notes to the Statement of cash flows

Cash and cash equivalents	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
At 1 April	12,061	18,472	11,814	18,071
Net change in year	8,670	(6,411)	8,598	(6,257)
Transfers by absorption	2,841	0	2,841	0
At 31 March	23,572	12,061	23,253	11,814
Broken down into:				
Cash at commercial banks and in hand	462	336	143	89
Cash with the Government Banking Service	(390)	1,525	(390)	1,525
Deposits with the National Loans Fund	23,500	10,200	23,500	10,200
Cash and cash equivalents as in SoFP	23,572	12,061	23,253	11,814
Bank overdraft	0	0	0	0
Cash and cash equivalents as in SoCF	23,572	12,061	23,253	11,814

The Trust has a committed Working Capital Loan Facility of £11.0m in place with the Independent Trust Financing Facility. As at 31 March 2016, this Facility had not been utilised.

20 Commitments

Commitments under capital expenditure contracts for property, plant and equipment at 31 March 2016 were £10,574,000 (31 March 2015 £420,000). Commitments under revenue contracts at 31 March 2016 were £3,969,000 (31 March 2015 £1,936,000).

21 Contingent liabilities

	Group 31 March 2016 £000	Group 31 March 2015 £000	Trust 31 March 2016 £000	Trust 31 March 2015 £000
Contingent liabilities (gross value)	(2,729)	(3,006)	(2,729)	(3,006)
Net value of contingent liabilities	(2,729)	(3,006)	(2,729)	(3,006)

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 £102,000 (2014/15 £106,000).

The Trust has not been informed of any potential additional personal injury claims other than those already assessed by the NHSLA (2014/15 0 cases).

Devon Studio School

The Trust has entered into a lessor finance lease with Devon Studio School to enable the School to use part of the Trust's Torbay Hospital Annexe site as an educational facility. The Secretary of State for Education has loaned the School a sum of money to invest in the site. This external investment does not form part of the Trust's Statement of Financial Position, but the value of the buildings leased to the School have been classified in the Trust's accounts as a finance lease. The lease is for a 50-year period, with a break point at year 30. If during the course of the primary lease period (i.e. the first 30 years) the Devon Studio School (or successor organisation) was to cease the delivery of education (for whatever reason), then the Trust would be obliged to pay a sum to the Secretary of State for the capital invested by the Department of Education. The potential sum payable diminishes over time but at 31 March 2016 the potential liability would be £2.6m. No provision for this potential liability has been made, as the likelihood of this liability crystallising is considered remote.

22 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 2015/16 the Trust received £16,635 of income (2014/15 £10,000), and spent £64,794 (2014/15 £Nil) with related parties of non-executive directors of the Trust. The related parties were a community interest company, a registered charities and a confederation of NHS organisations on whose Boards the Trust's non-executive directors had similar chair or non-executive roles, or other interests.

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 2015/16 £000	Income 2014/15 £000	Receivables 31 March 2016 £000	Receivables 31 March 2015 £000
Other NHS Foundation Trusts	6,890	6,690	1,219	1,238
Torbay and Southern Devon Health and Care NHS Trust	3,056	6,141	0	1,031
Other NHS Trusts	6,361	5,858	1,118	802
NHS South Devon And Torbay CCG	201,481	160,492	3,453	710
NHS North, East, West Devon CCG	5,171	5,368	(10)	9
NHS England - South West Local Office	7,928	31,747	76	148
NHS England - South West Commissioning Hub	25,838	0	1,712	0
Department of Health	2,502	35	415	170
Other NHS organisations	13,831	12,529	1,052	815
Torbay Council	9,328	2,554	1,754	172
Devon County Council	258	26	84	0
Other Local Government and Central Government	1,795	1,443	828	594
	284,439	232,883	11,701	5,689
	Expenditure 2015/16 £000	Expenditure 2014/15 £000	Payables 31 March 2016 £000	Payables 31 March 2015 £000
NHS Litigation Authority	4,509	4,545	9	0
Other NHS organisations	6,653	8,276	2,238	2,244
NHS Pension Scheme	18,277	14,734	2,898	2,108
HMRC and National Insurance Fund	10,736	9,436	3,823	2,920
NHS Blood and Transplant Agency	864	964	(12)	(21)
Torbay Council	2,681	1,538	473	390
Devon County Council	5,220	19	934	2
Other Local Government and Central Government	542	614	193	148
	49,482	40,126	10,556	7,791

The Trust has also received revenue contributions of £1,502,000 (2014/15 £1,073,000) and capital of £237,000 (2014/15 £811,000) from a number of charitable funds, including the South Devon Healthcare Charitable Fund, for which the Foundation Trust is Corporate Trustee. The registered number of the charity is 1052232, the registered office is Regent House, Regent Close, Torquay TQ2 7AJ. The charity had reserves of £3,625,000 as at 31st March 2016 and recorded an decrease in funds of £804,000 during the year ended 31st March 2016.

The balance of receivables due from the South Devon Healthcare Charitable Fund at 31 March 2016 was £594,000 (2014/15 £24,000).

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 £850,000 (2014/15 £441,000).

Key management personnel

Key management includes directors, both executive and non-executive. The compensation paid or payable in aggregate to key management for employment services is show in note 4.1

None of the key management personnel received an advance from the Trust. The Trust has not entered into guarantees of any kind on behalf of key management personnel. There were no amounts owing to key management personnel at the beginning or end of the financial year.

23 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 clinical commissioning groups and the way those clinical commissioning groups 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 clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust has secured eight Independent Trust Financing Facility (ITFF) Loans, details of which are disclosed in note 16 to the accounts. These loans are being used to enable the Trust to invest in replacement infrastructure of Torbay Hospital, to enable the expansion of the Trusts Pharmacy Manufacturing Unit (PMU), construction of a new Critical Care Unit and Hospital Front Entrance, improvement of Car Parking Facilities and continuation of the Trust's Radiotherapy service. Interest on these loans are fixed. The loan principal repayment and interest rates on these loans are disclosed in note 17.

During 2015/16 the Trust acquired two Private Finance Initiative (PFI) contracts, in respect of Newton Abbot and Dawlish community hospitals. Further details of the contracts are given in Note 29. The unitary payments for the Newton Abbot contract are subject to annual indexation in accordance with RPI (excluding mortgage interest payments). However, the associated risk is not judged to be significant, as these payments are equivalent to less than 1% of Trust turnover. With regard to the Dawlish contract, the availability fee is fixed and the service fee is subject to periodic market testing (meaning that the cost should be no greater than if the contract did not exist and the services were purchased externally).

Market Risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. The Trust's transactions are almost all undertaken in sterling and so it is not exposed to foreign exchange risk. It holds no significant investments other than short-term bank deposits. Other than cash balance, the Trust's financial assets and liabilities carry nil or fixed rates of interest and the Trust's income and operating cash flows are substantially independent of changes in market interest rates. Therefore, the Trust is not exposed to significant interest-rate risk.

24 Financial instruments - values

24.1 Financial assets and liabilities by category

	Group		Trust	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000	£000	£000	£000
Loans and receivables				
Assets as per statement of financial position				
Trade and other receivables excluding non-financial assets	17,665	8,363	17,504	8,811
Cash and cash equivalents	23,572	12,061	23,253	11,814
Total at 31 March	41,237	20,424	40,757	20,625
Other financial liabilities				
Liabilities as per statement of financial position				
Borrowings excluding PFI contracts	67,135	40,658	67,135	40,658
Obligations under PFI contracts	21,594	0	21,594	0
Trade and other payables excluding non-financial liabilities	26,596	13,712	27,034	13,588
Other financial liabilities	310	0	0	0
Provisions under contract	0	266	0	266
Total at 31 March	115,635	54,636	115,763	54,512
Maturity of Financial Liabilities				
In one year or less	33,281	17,343	33,719	17,219
In more than one year but not more than two years	6,916	3,359	6,916	3,359
In more than two years but not more than five years	21,419	10,288	21,419	10,288
In more than five years	54,019	23,646	54,019	23,646
Total at 31 March	115,635	54,636	116,073	54,512

24.2 Fair values

The book value of assets and liabilities due after 12 months is the same as the fair value of the assets and liabilities.

25 Third Party Assets

The Trust held £4,000 cash at bank and in hand at 31 March 2016 [2014/15 £4,000] 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	916	0	6,917	0
Balances with, NHS England, CCGs, NHS Trusts and Foundation Trusts	8,199	243	2,217	0
Balances with Department of Health	415	0	9	0
Balances with Local Authorities	1,928	0	1,413	0
At 31 March 2016	11,458	243	10,556	0
Balances with other Central Government Bodies	507	259	5,547	0
Balances with NHS Trusts and Foundation Trusts	4,329	424	2,243	0
Balances with Department of Health	170	0	1	0
At 31 March 2015	5,006	683	7,791	0

27 Losses and Special Payments

There were 35 (2014/15 57) cases of losses and special payments totalling £13,000 (2014/15 £276,000) paid for the year ended 31st March 2016.

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 Pooled budgets

The Trust has not entered into any pooled budget projects.

29 Private Finance Initiative (PFI)

The Trust took over two PFI contracts on 1 October 2015, as part of the Transfer by Absorption from Torbay and Southern Devon Health and Care NHS Trust. These contracts were in respect of Dawlish Hospital and Newton Abbot Hospital. Both contracts meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, and are therefore accounted for as 'on-Statement of Financial Position'.

Dawlish Hospital

Dawlish Hospital has a value of £687,000 at the SOFP date.

The Trust entered into an agreement under the Private Finance Initiative (PFI) arrangements for the construction of a new community hospital in Dawlish. The contract for the arrangement runs from 22nd June 1999 with a term of 25 years.

On 1 April 2002 this arrangement passed to Teignbridge Primary Care Trust (a predecessor body of Devon Primary Care Trust). On 1 April 2013 it passed to Torbay and Southern Devon Health and Care NHS Trust on 1st April 2013. On 1 October 2015 it returned to the Trust through the Transfer by Absorption from Torbay and Southern Devon Health and Care NHS Trust.

From the commencement of the contract a service fee of £241,000 was payable each year subject to indexation based on RPI.

For 2015-16 the service fee for the six months the Trust operated the PFI facility, totalled £206,000. The Trust also pays an Availability Fee which again for the six months the Trust operated the PFI facility totalled £239,000.

Arrangement

The contract is for the provision of services for maintenance, domestics and catering staff for the hospital. The ownership of the equipment and content rests with the Trust. The arrangement works on the principal of "no hospital, no fee".

The provision of services is managed through service level agreements which have measurable targets and are subject to regular monitoring.

Terms of Arrangement

The unitary payment is comprised of two elements, an Availability Fee which is fixed for the duration of the contract and a Service Fee which is subject to indexation based on movement in the Retail Prices Index (RPI) All Items, excluding mortgage interest payments.

Services are subject to market testing approximately every 5 years, and increases and decreases in costs from these regular market testing exercises are passed through to the Trust.

At the end of the project term the Trust may allow the Lease to expire with no compensation payable, or the parties may agree commercial terms for an extension of the agreement for a further 10 years, or have an option to acquire the leasehold interest and collapse the entire Lease structure by paying open market value for the land and buildings. In the event of re-financing of the PFI the Trust is entitled to receive half of the refinancing cashflow benefits.

29 Private Finance Initiative (PFI) (continued)

Newton Abbot Hospital

On 11th April 2007 Devon Primary Care Trust (now reconfigured and named North East and West Devon Clinical Commissioning Group) entered into an agreement under the Private Finance Initiative (PFI) arrangement for the construction of a new community hospital at Jetty Marsh, Newton Abbot. The capital value of the scheme was £21,980,000.

The construction of the hospital was completed on 18th December 2008. From that date the unitary payment was £2,103,669 each year subject to annual RPI indexation movement (based on the February RPI index each year) for a period of 30 years. For the six month period that the Trust operated the scheme during 2015-16 the unitary payment was £1,280,000. Newton Abbot Hospital has a value of £16,341,000 at the statement of financial position date.

Arrangement

The contract is for the provision of services for maintenance for the hospital. The ownership of the equipment between the parties is specified in the Agreement. The arrangement works on the basis of a reduction in the payments for failure to deliver to the agreed service levels.

The provision of services is managed through service level agreements which have measurable targets and are subject to regular monitoring.

Terms of Arrangement

The unitary payment is comprised of two elements, an Availability Fee and a Service Fee which is subject to indexation based on movement in the Retail Prices Index (RPI) All Items, excluding mortgage interest payments.

At the end of the project term the Agreement will terminate with no compensation payable. In the event of re-financing of the PFI the Trust is entitled to receive half of the refinancing cashflow benefits.

29.1 Lease obligations due under PFI contracts

	Dawlish Hospital 31 March 2016 £000	Newton Abbot Hospital 31 March 2016 £000	Total 31 March 2016 £000	Total 31 March 2015 £000
Due not later than one year	517	1,491	2,008	0
Due later than one year and not later than five years	2,390	5,823	8,213	0
Due later than five years	2,192	25,844	28,036	0
Gross commitments	5,099	33,158	38,257	0
Less finance charges allocated to future periods - excludes contingent rent	(1,923)	(14,740)	(16,663)	0
Present value of commitments	3,176	18,418	21,594	0
Present value of commitments: -				
Due not later than one year	169	462	631	0
Due later than one year and not later than five years	1,234	1,962	3,196	0
Due later than five years	1,773	15,994	17,767	0
Present value of commitments	3,176	18,418	21,594	0

29.2 Total unitary payment made during the year ended 31 March 2016

	Dawlish Hospital 2015/16 £000	Newton Abbot Hospital 2015/16 £000	Total 2015/16 £000	Total 2014/15 £000
Interest charge	236	531	767	0
Repayment of finance lease liability	39	237	276	0
Service element	205	228	433	0
Capital lifecycle costs	0	31	31	0
Contingent rent	0	161	161	0
Total unitary payment	480	1,188	1,668	0

29.3 Total commitments due under PFI contracts

	Dawlish Hospital 31 March 2016 £000	Newton Abbot Hospital 31 March 2016 £000	Total 31 March 2016 £000	Total 31 March 2015 £000
Lease obligations - principle repayment and fixed finance cost	5,099	33,158	38,257	0
Contingent Rent	0	22,700	22,700	0
Services Fee	4,214	14,058	18,272	0
Lifecycle replacement costs	0	9,095	9,095	0
Total PFI Commitments at 31 March	9,313	79,011	88,324	0

As noted above, the PFI agreements for Dawlish and Newton Abbot Hospitals enable the PFI operator to apply annual increases to the Lease payment (Newton Abbot only, which is charged as Contingent Rent), Service Fees (both Operators) and to Lifecycle replacement costs (Newton Abbot only). A compound allowance for future inflation have been made within the above stated values. Future inflation for both PFI agreements has been assumed to run at 2.5% per annum. Excluding this compound inflation, the overall Commitment value at 31st March 2016 would reduce by £21,312,000 (31st March £0)

30 Transfers by Absorption

On 1 October 2015, the Foundation Trust recognised a Transfer by Absorption when it acquired Torbay and Southern Devon Health and Care NHS Trust (the 'Health and Care NHS Trust'). The total gain relating to this Transfer by Absorption was £39,087k.

In December 2015 and March 2016, the Foundation Trust recognised a further Transfer by Absorption when it transferred its assets relating to Tavistock Community Hospital and Clinic and Kingsbridge Community Hospital to NHS Property Company. The total loss relating to this Transfer by Absorption was £7,244k. These hospitals had previously been operated by the Health and Care NHS Trust. Shortly before it was acquired by the Foundation Trust, the Health and Care NHS Trust transferred responsibility for the running of these hospitals to Plymouth Community Healthcare. The related assets were due to be transferred to NHS Property Company, but this transfer did not take place prior to the acquisition. These assets were therefore acquired by the Foundation Trust on 1 October 2015 and transferred by the Foundation Trust to NHS Property Company in two tranches in December 2015 and March 2016.

30.1 Impact of Transfers by Absorption upon the financial statements

	Acquisition of Torbay and Southern Devon Health and Care NHS Trust 2015/16 £000	Divestment of Tavistock and Kingsbridge community hospitals 2015/16 £000	Total 2015/16 £000	Total 2014/15 £000
Statement of Comprehensive Income				
Net gain / (loss) arising from Transfers by Absorption	39,087	(7,244)	31,843	0
Statement of Financial Position				
Non-current assets				
Intangible assets	471	0	471	0
Property, plant and equipment	58,832	(7,162)	51,670	0
Trade and other receivables	153	(82)	71	0
Total non-current assets	59,456	(7,244)	52,212	0
Current assets				
Trade and other receivables	8,969	0	8,969	0
Cash and cash equivalents	2,841	0	2,841	0
Total current assets	11,810	0	11,810	0
Total assets	71,266	(7,244)	64,022	0
Current liabilities				
Trade and other payables	(9,869)	0	(9,869)	0
Borrowings	(608)	0	(608)	0
Provisions	(420)	0	(420)	0
Total current liabilities	(10,897)	0	(10,897)	0
Non-current liabilities				
Borrowings	(21,282)	0	(21,282)	0
Total liabilities	(32,179)	0	(32,179)	0
Net current assets	913	0	913	0
Net assets employed	39,087	(7,244)	31,843	0
Consolidated Statement of Changes in Taxpayers Equity				
Public dividend capital (PDC)	(351)	0	(351)	0
Revaluation reserve	14,645	(2,696)	11,949	0
Income and Expenditure reserve	24,793	(4,548)	20,245	0
Total Taxpayers' equity	39,087	(7,244)	31,843	0
Consolidated Statement of Cash Flows				
Cash and cash equivalents transferred by absorption	2,841	0	2,841	0

30 Transfers by Absorption (continued)

30.2 Historical financial performance of the functions transferred

The historical financial performance of the Health and Care NHS Trust has been taken from its published 2014/15 statutory accounts. The services performed at Tavistock and Kingsbridge Hospitals were transferred in July 2015 to Plymouth Community Healthcare (a Social Enterprise company) before the Foundation Trust acquired the two Hospitals. The income and revenue expenditure reflected in Health and Care NHS Trusts accounts in respect of these two assets were relatively immaterial.

	Torbay and Southern Devon Health and Care NHS Trust	
	6 months to 30th September 2015	12 months; 1st April 2014 to 31st March 2015
	Per statutory accounts £000	£000
Income from patient and social care activities	70,878	150,251
Other operating income	2,701	5,416
Operating income	<u>73,579</u>	<u>155,667</u>
Operating expenses	(74,715)	(152,022)
Operating (deficit) / surplus before financial income and expenses	<u>(1,136)</u>	<u>3,645</u>
Financial income	12	24
Other gains and losses	6	0
Financial costs	(915)	(1,860)
PDC Dividends payable	(531)	(1,104)
Net finance costs	<u>(1,428)</u>	<u>(2,940)</u>
(Deficit) / Surplus for the period from continuing operations	<u>(2,564)</u>	<u>705</u>

IFRS 3 requires disclosures to state the following:

- the amounts of revenue of the acquiree since the acquisition date included in the consolidated SOC;
- the amounts of profit/loss of the acquiree since the acquisition date included in the consolidated SOC;
- the revenue of the combined entity for the current reporting period as though the acquisition occurred at the beginning of the reporting period;
- the profit/loss of the combined entity for the current reporting period as though the acquisition occurred at the beginning of the reporting period;

The presentation of the above information is not practical as it is not possible to separately identify income streams for community health and care activities from the income that the Foundation Trust has historically received as an acute facility. Further decisions are taken as an enlarged (Integrated Care) organisation about how and where health and social care is delivered that may not have taken place if the Integrated Care organisation was not formed on 1st October 2016.

