Torbay and South Devon NHS Foundation Trust

Annual Report and Annual Accounts 2016/17

Torbay and South Devon NHS Foundation Trust
Annual Report and Annual Accounts 2016/17

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

Torbay and South Devon NHS
NHS Foundation Trust

Annual Report and Annual Accounts 2016/2017

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: tsdft.feedback@nhs.net |

Laid before Parliament

This Annual Report 2016/17 has been produced to be laid before Parliament in July 2017, 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.

Torbay and South Devon NHS Foundation Trust
Hengrave House
Torquay
TQ2 7AA
Switchboard: 01803 614567
HQ Fax: 01803 616334
www.torbayandsouthdevon.nhs.uk/

Contents

Part I: Performance Report

Overview of performance

Chair's statement

Richard Ibbotson

It is my great pleasure to write this foreword as Chairman of our integrated care organisation Torbay and South Devon NHS Foundation Trust. This year has been extremely challenging but we have made good progress towards our vision of supporting more people to be able to be at home with the right support. We know this is what most people want, we also know that it is the most efficient way of providing care.

It will not have escaped anybody's attention that providing the highest quality services within the funding we receive is a huge challenge. To do this successfully we must use our resources as effectively as possible. And as a provider of integrated care we believe we are in the best possible place to be able to do this. After 18 months as a Trust that has integrated both acute and community care along with adult social care we are seeing the benefits that this brings. The benefits of this structure are clear in that we have the flexibility to put resource where it is most needed. This not only ensures we are able to provide good care centred around the person rather than organisational structure but it is also the most efficient.

But with any change we know there is a degree of feeling unsettled. Moving away from the traditional reliance on bed-based care to supporting more people at home is, I strongly believe, the right thing to do but I also appreciate brings uncertainty to people who have grown up in a society where being in hospital was considered the best place to be. We now know this is not the case but we will have to demonstrate this is working. I would like to thank those who took the time and trouble to share their thoughts in the recent consultation on community services run by the local Clinical Commissioning Group that we supported in partnership.

I would also like to thank all our staff. Throughout this year their commitment and passion to provide the best possible service has meant that we are that bit closer to realising our vision.

During the year the Trust was offered targeted support from NHS Improvement due to concerns in relation to one or more of the Single Oversight Framework's five themes. NHS Improvement offered the Trust assistance in the form of an NHS Improvement Very Senior Manager to support the Trust to deliver the 2016/17 revised deficit (improving that where possible) and to further improve the confidence in delivery of the 2017/18 plan.

Chief Executive's statement

Mairead McAlinden

Looking back on the past year, I feel very proud of what we have achieved. It has been difficult at times but I believe we are stronger and better because of the challenges we have faced and how we have responded as an integrated system of care. We have focused on doing our very best for the people we serve, taking difficult decisions to deliver our commitment to 'right care, right place, right time' better than we ever have.

These achievements have been delivered through the commitment and dedication of our staff and the service of our Leagues of Friends and volunteers who work tirelessly to support the great care we provide. You all deserve thanks for your contribution to the improvements set out in this report and for delivering the reality of our new model of care.

This was a difficult year financially, we have made choices to invest in new services and to live with a deficit that is larger than we had planned. Next year will also be challenging but, if we deliver our plans, we will return to surplus by April 2018. Then we can look forward to more investment in our estate, new technology, and more new services to provide high quality care for the future.

Some changes have been difficult for our staff and local people, particularly the reductions in bed based care in the acute and community hospitals. I applaud how well our staff have managed these changes. The culture of compassionate and quality care lives on in the new services we now have in place.

The positive impact of change is seen in our performance – over the winter of 2015/16 many services struggled to cope, our Care Quality Commission (CQC) inspection in February 2016 identified areas for improvement, and staff were under enormous pressure. We committed to making changes that would make things better by the following winter. These changes have significantly reduced risks to the safety of our care and also improved the timeliness of our care. There is always more to do but we coped much better this winter than last because our integrated system worked better at every level. In March 2017 we achieved 94.2 per cent against the four hour urgent care target – which I believe signals how the whole system is working. More of our community services are now available to support people seven days a week, and our senior clinicians are working differently, available to provide expert advice to avoid crisis and hospital admission, minimising the time our patients stay in hospital, and when they leave hospital they are well supported by our extended community teams which now include GPs with dedicated time to work with these teams.

There are still challenges – some services are struggling to recruit the staff they need to deliver services in a safe and timely way, so we are working with our partners across Devon to make sure our population has fair and timely access to specialist treatment and care. We are working more closely with our partners in the care home and domiciliary care sector to support them as a key part of our care model. We are continuing to develop our partnership with the voluntary sector with more long term contracts and new investment to expand our joint working to support local people.

I have been asked – when will we stop making changes? The simple answer is – we won't and we shouldn't. Health and social care must continue to change to meet the needs of our population, and do that in a way that is affordable and sustainable. So we will continue to change, and with the commitment of our staff and the partnerships we have developed I believe we will continue to change for the better and realise our vision of truly integrated, locally delivered, excellent care for the people of South Devon and Torbay.

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. This brought together two Trusts to create a single integrated care organisation (ICO) covering acute and community health as well as adult social care.

The Trust runs Torbay Hospital as well as community hospitals provide health and social care for local people.

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 A&E department annually. We serve a resident population of approximately 286,000 people, plus about 100,000 visitors at any one time during the summer holiday season.

We employ approximately 6,000 staff including frontline health and social care staff, such as nurses, occupational therapists, social workers, consultants, and physiotherapists who work in people's homes and community locations. 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 safe, high-quality care 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 a number of Leagues of Friends in our hospitals, who work tirelessly to raise vital funds to support our work and help improve our services.

At a glance - 2016/17 compared to 2015/16

	This year (2016/17)	Previous year (2015/16)
Total revenue income	£402,948,000	£321,293,000
Trust funded capital expenditure (excluding capital acquired under absorption)	£17,953,000	£16,679,000
Total revenue expenses (including PDC*, but Excluding gain from absorption)	£415,179,000	£340,232,000
Pay expenditure (excluding capitalised costs)	£226,009,000	£187,471,000
Non-pay expenditure (including depreciation and PDC)	£191,139,000	£161,078,000
How much we spend per day (excluding depreciation and impairments)	£1,155,000	£978,000
Worked FTE*	5,570	4,667
Staff numbers headcount	6,168	6,059

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.

Highlights of the year

Investment in community services

In October 2016 the Trust announced it was investing £2.31 million that year in Intermediate Care services and would be investing £6 million in subsequent years. This means that people right across South Devon as well as Torbay could benefit from the service. Intermediate Care is one of the key services for providing the care people need to stay at home, preventing them from needing to go into hospital unnecessarily. By March 2017 the service was available right across South Devon and Torbay seven days a week meaning people could benefit from short-term care and support at home no matter which part of the area they live in or what day of the week the service was needed.

The issues affecting the patient experience and safety in the Emergency Department (ED) have been a particular focus within the wider improvement programme and since the CQC inspection the ED team, led by the ED matron and the ED clinical director, have been systematically working to improve the timeliness of assessments and, as a result, to help reduce waiting times and improve the patient experience.

Significant investment has been made in our staff and the physical environment within ED. Staffing levels for resuscitation and paediatrics has increased, including enhanced staff skill mix, with improvements to the environment including acute medical unit, waiting room, new mental health assessment room and new paediatric assessment suite.

The team have also delivered improvements in the nurse triage process and area for patients. The triage area has been designed to enable patient privacy whilst ensuring a rapid initial assessment. The nurse triage capacity has been increased with additional staffing and typically will take a set of vital signs as well as ask a small number of clinically appropriate questions to ensure the patient is seen quickly by the right team.

Opening of the new Main Entrance and Intensive Care Unit (ICU)

In February 2017 the Trust celebrated the opening of the new intensive care unit (ICU) and main entrance at Torbay Hospital. The £15m project has delivered a brand new, state-of-the-art ICU that has all the latest technology and equipment required to provide a modern, patient focused environment. The Torbay Hospital's League of Friends raised a staggering £1.6m through their 'This is Critical' appeal. The funds have helped to equip the ICU with the latest high-tech equipment.

The new main entrance has a café and shop as well as comfortable seating, a welcoming reception area and exhibition space.

Strong Leadership and Engagement

Change requires excellent leadership, a fully engaged workforce, strong partnership and the support of our local communities. Over the past year we have restructured our leadership – clinical and managerial – and created stronger links with our GP colleagues and our partners in the statutory and voluntary sector. We have carried out extensive engagement with our local communities on our programme of change and supported and developed our staff to make change well. The quality of our services has received local and national recognition, for example:

In November 2017 two healthcare workers from the Trust were recognised as inspirational leaders at the annual NHS South West Leadership Recognition Awards. The awards ceremony celebrated leaders at all levels and across all professions, regardless of position or level of professional qualification - just those who have ultimately improved people's health and the public's experience of health and social care, and who we are truly proud to work alongside.

Jane Wilkinson (Named Nurse for Safeguarding Children) and Steve Smith (Consultant Haematologist) fought off stiff competition to be announced as joint winners of the 'inspirational leader' category.

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 NHS Improvement, in the NHS Foundation Trust Code of Governance. NHS Improvement's website address is *https://improvement.nhs.uk*

Sustainability and Transformation Plan (STP)

The Devon STP is a comprehensive five-year plan to transform health and care services so they are fit for the future. STPs will deliver NHS England's Five-Year Forward View. Torbay and South Devon NHS Foundation Trust is playing a full part in the STP.

As part of this review of acute services, announced on 4 November 2016, began looking at how stroke, maternity, neonatology and paediatrics, and urgent care services will be provided in the future across Devon including Plymouth and Torbay.

These are services where sustainability and, potentially, patient safety are a concern. Doctors, midwives, nurses and other professionals met at a series of workshops to understand the service challenges and consider how best to work together to meet those challenges in future. Patients and unions have also participated in these workshops.

Feedback from the workshops fed into the acute services review, and helped to develop the draft criteria on which any future decisions relating to acute services are based. To ensure that these were the right criteria to use, and to identify any missing criteria that the public felt needed to be included, 12 events across the area were held.

By summer 2017, it is hoped that there will be sufficient feedback from clinicians, the public, and finance and workforce professionals to draw up proposals about how to make Devon's stroke, maternity and urgent care services fit for the future and provide the best possible care for patients. It is anticipated that these proposals may require consultation with the public and staff.

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.

Following the establishment of the four service delivery units covering medicine, surgery, community and women, children, diagnostics and therapies we have embedded the process of monthly executive review meetings to review performance against key metrics. These meetings require SDU teams to review their quality and performance dashboards and to present plans where there are risks or concerns. This process gives the executive and trust board assurance of action plans and actions being taken.

Of particular note in 2016/17 the Trust has overseen the implementation of changes to support improved performance against the four hour emergency department standard. This was an area highlighted by the CQC inspection in the spring of 2016 and presented significant operational challenges. During the course of the year these changes have increased resilience across the whole pathway of emergency care giving greater confidence that we are on track to achieve the standard of 95 per cent. In March the Trust achieved 94.2 per cent.

A detailed analysis and explanation of development and performance can be found within part three of the Quality Report (pages 147 to 149)

Information about environmental matters, including the impact of the Trust's business on the environment can be found on page 52.

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 43 to 45.

Financial performance in 2016/17

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs to help them improve. The framework looks at five themes:

1. Quality of care;
2. Finance and use of resources;
3. Operational performance;
4. Strategic change; and
5. Leadership and improvement capability (well-led).

Based on information from these themes, providers are segmented from one to four, where 'four' reflects providers receiving the most support, and 'one' reflects providers with maximum autonomy. A foundation trust will only be in segments three or four where it has been found to be in breach or suspected breach of its licence.

For 2016/17 the Trust has been placed in segment two which attracts an offer of targeted support in response to concerns in relation to one or more of the five themes. Support has been secured through this process to help improve the Trust's financial sustainability, efficiency and compliance with sector controls such as agency costs.

In relation to the 'use of resources', the Trust is forecasting a rating of four against a plan of three for 2016/17 (on scale of 'one' to 'four', with a score of 'one' being the strongest).

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

NHS Improvement as sector regulator set a control total of £2 million for 2016/17. The Trust submitted a plan for 2016/17 based on a Payment by Results contract mechanism, delivering that control total and securing national Sustainability and Transformation Fund monies.

The final contract arrangement for 2016/17, with the encouragement of commissioners and regulators, reinstated the Risk Share Agreement developed in support of the integrated care model, significantly reducing previously planned income levels. This decision reflected, most importantly an imperative to retain a contract mechanism that supports the strategic journey toward integrated care. It also reflects, in common with the majority of the sector, a growing financial pressure experienced in the Torbay and South Devon health and care community, and the need for that to be shared across its constituent parties.

In assuming a share of that system wide risk, the expected financial result was forecast to deteriorate to an £8.6 million deficit from the outset of the year.

Reflecting the challenge in delivering planned savings and a number of cost pressures, particularly in the provision of adult social care, the Trust reported deterioration in the forecast deficit during quarter three, then moving to a forecast of £12.1 million after the Risk Share Agreement (RSA) was applied; £11.04 million as reflected in NHS Improvement's reporting requirements.

In its final result for the financial year ending 31 March 2017, the Trust is reporting a £12.23 million deficit; £10.99 million as reflected in NHS Improvement's reporting requirements. Although in line with the revised financial forecast, the overall deficit is £13.89 million behind the targeted control total.

Within a challenging financial position it is, however encouraging note that this was achieved having accommodated additional costs totalling £1.2m in the last quarter in running a Mutually Agreed Resignation Scheme (MARS), with a view to longer term cost reduction and, in common with the sector as a whole, suffering the adverse effect of changes in the Treasury Discount rate for certain balance sheet provisions.

The Trust had the opportunity to secure £6.7 million of Sustainability and Transformation Funding (STF) funding for 2017/16, which was dependent on the delivery of the financial plan and financial performance throughout the year. In the first six months the Trust was successful in securing £3.2 million. From month seven onwards the Trust was unable to secure further STF funding as financial delivery was not in line with plan.

The sector as a whole has seen a challenging financial position, but the movement away from Payments By Results (PbR) back to the Risk Share Agreement without sufficient demand and cost reduction plans across the system has been the significant factor in the Trust’s year end position.

Funding overview

The Trust earned £401.9 million of income during 2016/17 primarily from clinical activities, but also received a considerable amount of income from education and training and income generation activities.

In 2016/17 the majority of the Trust's clinical income was received under the terms of the Risk Share Agreement developed in support of the integrated care model, and in partnership with South Devon and Torbay Clinical Commissioning Group and Torbay Council. As a consequence, a far smaller proportion than in the previous year was 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 (PbR), which remains embedded within the NHS.. Under the Risk Share Agreement, the majority of the Trust's patient-related income was funded on a block contract basis, with the Trust receiving a fixed amount of income for providing a defined range of services. To the extent that excess costs drive a reduction in the planned surplus or deficit, commissioners contribute 50% of any variation; effectively sharing the cost of system wide cost over-runs.

Important within such a model, where risk is shared across a system, is to design health and care services that operate within the resource available to Commissioners. As a health and care system we have developed an integrated model of care that we are confident will improve, or at worst maintain standards of care and, at the same time reduce costs. The lead time in delivery has been longer than we had predicted; a significant factor in the deficit for 2016/17. In plans for 2017/18, we will begin to see the patient and financial benefits of the plans put in place this year.

Value for money

As an NHS Foundation Trust, we focus on ensuring the best possible 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.

The Trust targeted delivery of £13.9m of savings in 2016/17. This reflected what was believed to be achievable during the year given the stage of development of the integrated care model. The Trust achieved a total of £11.5 million delivery in the year, £7.37 million of which is recurring in a full year, but with a non-recurrent element in the year of £5.86 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 2016/17, the Trust continued to invest in its facilities and equipment and carried out capital projects totalling £17.8 million. In addition to this sum the Trust received Charitable Donations totalling £1.6 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 2016/17 to support capital expenditure totals £9.9 million. Further details of capital loans received by the Trust and their repayment terms are disclosed in the Trust's Annual Accounts.

Cashflow

During the course of the year cash balances have decreased from £23.6 million to £4.6 million. There are two principal components driving this reduction in cash; one being the reported revenue deficit for the year of £12.2 million and the other loan repayments to the Department of Health totalling £5.8 million. As described in the Annual Accounts the Trust has an approved Revolving Working Capital Facility in place with the Department of Health (which expires in September 2020) totalling £11.0 million should the Trust's working capital position further deteriorate. This facility was not drawn upon during 2016/17. 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 NHS Improvement. Further information can be found on page 61.

Accounting framework

As an NHS foundation trust, we apply accounting policies compliant with NHS Improvements 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 pages 33 to 34. 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 percentage of the Trust's income is from non-contracted income. In the absence of the last month's activity data being available at the time the accounts were prepared, an accrual for the income has been calculated, based on the non-contracted income activity to 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 has focussed on the areas of greatest risk, which is deemed as those which would show an overstatement in performance, either through overstatement of revenue or understatement of expenditure.

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 in their assessment of the values of buildings and land. The Trust engaged the District Valuer to perform a review during 2016/17. As part of external audit's year-end procedures, PricewaterhouseCoopers (PwC) will consult with their own internal valuers to determine whether the valuation methodology and assumptions used were appropriate. In addition, they will focus their testing on the information provided to the District Valuer for assessment.

Charitable funds

Torbay and South Devon NHS Charitable Fund is a registered charity (number 1052232) and as such a separate legal entity, established to hold charitable donations given to Torbay and South Devon NHS Foundation 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 patients, clients and service users. In 2016/17, the Charitable Fund received donations and legacies totalling £2,115k. This included very generous donations of £1,631k from the Leagues of Friends of our Hospitals towards the purchase of equipment and other items and £190k from Torbay Medical Research Fund in respect of various research projects within the Trust.

The Trust would like in particular to acknowledge the very generous fundraising efforts of the Torbay Hospital League of Friends towards equipment for the new Critical Care Unit. They raised circa £1.6 million for this facility, £1,251k of which was received in 2016/17.

Other donations have been used to purchase numerous items of medical and other equipment, as well as supporting the training and development of staff and patient\client welfare. Full details can be found in the Charitable Fund's Annual Report and Accounts, which is produced by the Trust in its role as Corporate Trustee.

Important events since the end of the financial year

The Trust received an unannounced Care Quality Commission (CQC) inspection visit in May 2017 and they have "*recognised a huge amount of progress since their last inspection – with a focus on safety, quality and patient-centred care*". The publication of their full report will be available on the CQC website once final. Further information can be found within the annual governance statement.

Since the year end the Trust has closed two Community Hospitals namely Dartmouth Hospital and Bovey Tracey Hospital. These hospitals are likely to be disposed of and the proceeds reinvested In line with the Trust's integrated care model.

Going concern disclosure

Under international accounting standards the Board of Directors 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 of Directors has reviewed the following and the Torbay and South Devon NHS Foundation Trust is considered as a going concern.

- The Board of Directors has approved an Annual Plan which demonstrates compliance with its licence from NHS Improvement. The Trust has a positive cash balance and a committed working capital facility with the Independent Trust Financing Facility.
- The Board of Directors has a Strategic Plan which demonstrates compliance with its licence from Monitor for the next two 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: 24 May 2017**

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 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 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 hospitals and, with input from the Council of Governors, sets the future direction.

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.

A non-executive director may be allocated a liaison role with one of the service delivery units, 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.

On 20 April 2016, the Council of Governors approved the appointment of Robin Sutton as a new non-executive director. Robin is a chartered accountant with over thirty years of financial experience gained at a senior level for both private and public enterprises in both executive and non-executive director (NED) roles. Two re-appointments were also made by the Council of Governors in April 2017; Richard Ibbotson (Chairman) and Jacqui Lyttle as non-executive director.

Appraisal of executive directors is conducted by the Chief Executive.

For 2016/17 the Board retained its corporate objectives, purpose, vision and strapline from the previous year as linked to the operational plan.

The Board collectively monitored its performance against the corporate objectives throughout the year in addition to year-end reviews; Committees are reviewed periodically.

Non-Executive Directors

Place of residence, date of service contract, unexpired term, notice period and attendance	Background
Sir Richard Ibbotson, Plymouth**,** appointed June 2014, re-appointed April 2017 until May 2020, one month. Board of Directors 11/11 Council of Governors 4/4	Sir Richard Ibbotson was appointed Chair of the Trust in June 2014 shortly after retiring as an 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, notably as a Deputy Lord Lieutenant for Devon. He has been a Governor of Plymouth University and Chairman of the Royal Navy Royal Marines Charity and was a Member of the Armed Forces Pay Review Body.
David Allen (Vice Chair), OBE, Newton Abbot, appointed March 2012, re-appointed December 2016 until February 2020, one month. Board of Directors 11/11 Council of Governors 2/4 Audit and Assurance Committee 3/4	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 also held similar appointments with the universities of Southampton, Nottingham and Birmingham. He is a former principal consultant with Perrett Laver, an executive search firm, and is currently Chair of the Higher Education Funding Council for Wales, Chair of Torbay Pharmaceuticals and Chair-elect of Exeter College. He is a former Board member of the Heart of the South West local enterprise partnership. He was awarded an OBE for services to higher education in the 2012 New Year Honours List.
James Furse, Totnes, appointed January 2014, re-appointed December 2016 until February 2017, resigned February 2017. Board of Directors 8/10 Council of Governors 1/4 Audit and Assurance Committee 2/4	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.

Place of residence, date of service contract, unexpired term, notice period and attendance	Background
Jacqui Lyttle (Senior Independent Director), Torquay, appointed October 2014, re-appointed April 2017 until September 2020, one month. Board of Directors 9/11 Council of Governors 2/4 Audit and Assurance Committee 3/4	Jacqui Lyttle joined the Board as a Non-Executive Director in October 2014. Having spent over 20 years working in the NHS at very senior manager and board level, Jacqui established her own independent healthcare consultancy in 2008. She has a genuine passion for improving care for patients and has spoken both nationally and internationally about service improvement and transformational change. Jacqui has a particular interest in the management of pain and is an executive member of the Chronic Pain Policy Coalition a standing committee of an all Parliamentary Party Advisory Group and member of the Societal Impact of Pain Platform, which reports into the European Parliament. Jacqui continues to work actively within the NHS, being a director of a small specialist provider organisation to NHS England, and as executive commissioning advisor to 2 Clinical Commissioning Groups (CCGs) 1 Commissioning Support Unit, Royal College of General Practitioners (Pain faculty) and The Dystonia Society. She is also a member of the NHS Masterclass faculty for Health Education England. Jacqui is chair of AGE UK Torbay.
Jacqui Marshall, Newton Abbot, appointed March 2016, can be considered for re-appointment in 2019, one month. Board of Directors 9/11 Council of Governors 1/4 Audit and Assurance Committee 1/4	Jacqui Marshall joined the Trust as Non-Executive Director in April 2016. Jacqui is an experienced Human Resources and Organisational Development Director who is comfortable operating in a large complex public service organisation. Jacqui's current role is Deputy Registrar and HR Director at the University of Exeter. She also brings board experience as a Trustee of a charity and board level experience within Whitehall. An organisational change specialist with merger, transformation and cultural change expertise she has direct and relevant experience to bring. Jacqui's role as Trustee at Young Bristol has helped her to understand the role of a non-executive director; contributing to strategy, governance and risk in addition to supporting the executive, but not interfering with day to day operations. A senior civil servant by training, Jacqui comes across as politically astute and adept at influence in complex environments. Her Ministry of Defence (MOD) roles have a large organisational and development / transformation component, leading to new ways of working and streamlining services. She also led the people aspects of merger of the two large MOD organisations; Defence Logistics Organisation and Defence Procurement Agency.

Place of residence, date of service contract, unexpired term, notice period and attendance	Background
Robin Sutton, Newton Abbot, appointed May 2016, can be considered for re-appointment in 2019, one month. Board of Directors 10/10 Council of Governors 1/3 Audit and Assurance Committee 4/4	Robin Sutton joined the Trust as Non-Executive Director in May 2016. Robin is a chartered accountant with over thirty years of financial experience gained at a senior level for both private and public enterprises in both executive and non-executive director roles. Robin has previously held non-executive director and senior positions at several multi-national organisations including Sifam, Fianium Holdings, CompAir Holman and Rolls-Royce PLC. Robin's interest in healthcare stems from a variety of different factors, ranging from consulting for Lowell General Hospital in Massachusetts through to working with Novartis in developing ultrafast fibre laser technology for eye surgery. He has also been heavily involved with care services and social care covering a spectrum of services from meals on wheels, day care, supported living and residential care. Robin has also enjoyed completing an Innovating in Healthcare program with Harvard University with a team of like-minded individuals looking at smart phone applications in the field of dementia.
Sally Taylor, Modbury, appointed January 2013, can be considered for re-appointment before January 2019, one month. Board of Directors 10/11 Council of Governors 2/4 Audit and Assurance Committee 3/4	Sally Taylor joined the Board in January 2013. She was the Chief Executive of St Luke's Hospice in Plymouth from 1994 to 2016. 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 Hospice UK (the national membership body for hospices), the Harbour Centre drug and alcohol advisory service and the Barbican Theatre in Plymouth. She is a Non-Executive Director of Pluss and a facilitator for the Windsor Leadership Trust.
Jon Welch, Brixham, appointed October 2015, can be considered for re-appointment before October 2018, one month. Board of Directors 9/11 Council of Governors 2/4 Audit and Assurance Committee 3/4	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.

Executive Directors

Responsibilities, date of service contract, unexpired term, notice period and attendance	Background
Mairead McAlinden, Chief Executive, appointed April 2015, ongoing, six months. Board of Directors 10/11 Council of Governors 3/4	Mairead McAlinden joined South Devon Healthcare Foundation Trust as Chief Executive in April 2015. She was appointed to lead the Trust as it prepared 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. 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.
Paul Cooper, Director of Finance and Deputy Chief Executive (until 31 March 2017), appointed July 2010, ongoing, six months. Board of Directors 11/11 Council of Governors 4/4 Audit and Assurance Committee 3/4	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 was the Trust's deputy chief executive until 31 March 2017.
Lesley Darke, Director of Estates and Commercial Development, appointed July 2012, ongoing, six months. Board of Directors 9/11 Council of Governors 2/4	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 including 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 planning and delivering estates, 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.

Responsibilities, date of service contract, unexpired term, notice period and attendance	Background
Liz Davenport, Chief Operating Officer and Deputy Chief Executive (from April 2017), appointed September 2014, ongoing, six months. Board of Directors 11/11 Council of Governors 3/4	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.
Rob Dyer, Medical Director, appointed December 2015, 2.5 years unexpired term, six months. Board of Directors 10/11 Council of Governors 2/4	Prior to becoming Medical Director Dr Dyer was a 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 were in diabetes, endocrinology and thyroid problems. Dr Dyer also held the position of Associate Medical Director for Long Term Conditions and Transformation, acting as clinical lead for the formation of the Integrated Care Organisation. He has a long-standing interest in integrated care models, patient self-management and prevention in long term conditions. He has had a range of appointments in educational roles through his career.
Martin Ringrose, Interim Director of Human Resources, appointed January 2015, resigned in July 2016 following the appointment of a substantive director, six months. Board of Directors 3/4 Council of Governors 0/2	Martin was appointed Interim Director of Human Resources in January 2015, a joint position covering SDHFT and TSDHCT. One of his key responsibilities was guiding staff through the creation of the Integrated Care Organisation. 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.
Judy Saunders, Director of Workforce and Organisational Development, appointed August 2016, six months. Board of Directors 5/7 Council of Governors ½	Judy Saunders is responsible for workforce and organisational development. She is also responsible for leadership/management development. Prior to joining the Trust Judy was the Director of Workforce and OD at Poole Hospital NHS Foundation Trust. Judy has held several Executive Director roles across the NHS including Acute, Mental Health, Health Authority and the Ambulance Service.

Responsibilities, date of service contract, unexpired term, notice period and attendance	Background
Jane Viner, Chief Nurse, appointed July 2013, ongoing, six months. Board of Directors 9/11 Council of Governors 4/4	Jane qualified as a nurse in 1985 and specialised in critical care and emergency medicine where she held a wide range of clinical, management and education roles. Jane has held various posts in the South West since 2001, including Nurse Consultant and Associate Director of Nursing at SDHFT, Deputy Director of Nursing at RD&E, and Director of Nursing and Professional Practice and Deputy Chief Executive at TSDHCT. Jane joined this Trust in April 2013 and leads on a number of Trust objectives including quality, professional practice, patient experience, safeguarding, infection prevention and control, clinical governance.
Ann Wagner, Director of Strategy and Improvement, appointed February 2016, ongoing, six months. Board of Directors 10/11 Council of Governors 4/4	Ann joined the Trust in February 2016 to the new post of Director of Strategy and Improvement, responsible for strategic planning, performance management and information, communications, service improvement and transformation and business development. She has over 20 years NHS Board experience having held a variety of Board level roles including most recently Director of Strategy and Business Development at Airedale NHS Foundation Trust (Yorkshire) where she led the successful Foundation Trust application, and expanded the Trust's innovative Telemedicine service offer to become a national market leader and basis of a successful Care Home Vanguard and innovative End of Life Gold Line. Prior to joining the Board at Airedale, Ann held a number of Executive roles including Director of Service Improvement and Director of Performance at West Yorkshire Strategic Health Authority; National Programme Director for the Department of Health's 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 in the North of England in a number of marketing related roles.

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 year internal audit was commissioned to write an independent report on governance arrangements that was shared with the Board in October 2016 and Monitor in November 2016.

This review was undertaken, as agreed by the Audit and Assurance Committee, as part of the Internal Audit Plan, to confirm that the new Committee, Executive Team and group structure and their workings are fit for purpose. The areas covered as part of this review were linked to two domains of the Monitor 'well-led framework for governance reviews' as follows:

- Processes and structures and
- Measurement.

The Board of Directors accepted the assurances and recommendations of the report.

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, 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 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 corporate governance statement submitted to Monitor at the end of June 2016, which was prepared after due and careful enquiry.

The Annual Governance Statement provides further information and can be found on pages 65 to 83.

Audit and Assurance Committee

The Trust's Audit and Assurance Committee (The Committee) has met on five occasions during the financial year. The names of the seven non-executive directors and their attendance record at The Committee meetings are listed on pages 21 to 27, under Our Board of Directors and page 35. The Committee has been chaired by a non-executive director, Mrs Sally Taylor (from 2 March 2016) until present. The Trust's chairman and Chief Executive both have rights of attendance at The Committee. The Committee is the senior 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 2016/17, 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 management of volunteers, urgent care, contracting with the voluntary sector, staff safety – lone working practices in the community, health and safety (reporting and visibility of non-clinical incidents including sharps incidents), PEG feeding and medication, purchasing cards, reporting of agency staff usage, day and domiciliary care payments - contract process assurance, care assessment process (in light of the care act and eligibility), charitable funds, corporate secretary function, performance indicators - data quality, business cases and placed people (individual patient placements). 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 including valuation of equipment, land and buildings, 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. No incidences of material fraud were brought to the auditor's attention.

Auditors' appointment

At its meeting on 20 July 2016 the Council of Governors agreed to extend the external auditor contract with PricewaterhouseCoopers (PwC) until 31 March 2018. The engagement letter signed on 20 February 2017 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 (2015/2016 £1m).

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 and Regulators.

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 (note 2), 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

	2015-16						2016-17					
Name and Title	Salary (bands of £5,000) £000	Expense Payments (taxable) (to nearest £100) £	Annual performance-related bonuses (bands of £5,000) 0	Long-term performance-related bonuses (bands of £5,000) 0	All Pension Related Benefits (bands of £2,500) £000	Total (bands of £5,000) £000	Salary (bands of £5,000) £000	Expense Payments (taxable) (to nearest £100) £	Annual performance-related bonuses (bands of £5,000) 0	Long-term performance-related bonuses (bands of £5,000) 0	All Pension Related Benefits (bands of £2,500) £000	Total (bands of £5,000) £000
Mrs A M McAlinden Chief Executive	195 - 200	100	0	0	42.5 - 45.0	235 - 240	190 - 195	100	0	0	0	190 - 195
Mr P Cooper Director of Finance / Deputy Chief Executive	140 - 145	800	0	0	7.5 - 10.0	150 - 155	140 - 145	1,600	0	0	37.5 - 40.0	180 - 185
Dr J R Lowes Interim Chief Executive (part year)	125 - 130	0				125 - 130						
Dr R G Dyer Medical Director	60 - 65	0	0	0	42.5 - 45.0	105 - 110	185 - 190	0	0	0	12.5 - 15.0	200 - 205
Ms L Davenport Chief Operating Officer	120 - 125	0	0	0	85.0 - 87.5	205 - 210	120 - 125	0	0	0	25.0 - 27.5	145 - 150
Mrs J Viner Chief Nurse	105 - 110	0	0	0	72.5 - 75.0	180 - 185	115 - 120	0	0	0	87.5 - 90.0	200 - 205
Mrs A Wagner Director of Strategy and Improvement	20 - 25	0	0	0	2.5 - 5.0	20 - 25	125 - 130	0	0	0	87.5 - 90.0	210 - 215
Ms J Saunders Director of Workforce and Organisational Development (part year)							75 - 80	100	0	0	105.0 - 107.5	180 - 185
Mr M Ringrose Interim Director of Human Resources (part year)	75 - 80	0	0	0	115.0 - 117.5	190 - 195	25 - 30	600	0	0	2.5 - 5	30 - 35

Mrs L Darke Director of Estates and Commercial Development	100 - 105	900	0	0	5.0 - 7.5	110 - 115	100 - 105	2,200	0	0	5.0 - 7.5	110 - 115
Sir Richard Ibbotson Chairman	40 - 45	300	0	0		45 - 50	40 - 45	400	0	0		45 - 50
Mr L M Burnett Non-Executive Director	15 - 20	0	0	0		15 - 20						
Mr D Allen OBE Non-Executive Director	10 - 15	0	0	0		10 - 15	10 - 15	0	0	0		10 - 15
Mr J Brockwell Non-Executive Director	10 - 15	200	0	0		10 - 15						
Mrs S Taylor Non-Executive Director	10 - 15	200	0	0		10 - 15	15 - 20	200	0	0		15 - 20
Mr J Furse Non-Executive Director	10 - 15	0	0	0		10 - 15	10 - 15	0	0	0		10 - 15
Mrs J Lyttle Non-Executive Director	10 - 15	0	0	0		10 - 15	10 - 15	0	0	0		10 - 15
Mr J Welch Non-Executive Director	5 - 10	0	0	0		5 - 10	10 - 15	100	0	0		10 - 15
Mrs J Marshall Non-Executive Director							10 - 15	0	0	0		10 - 15
Mr R Sutton Non-Executive Director							10 - 15	0	0	0		10 - 15

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

The following have opted out of the pension scheme:

Dr J R Lowes from 31 March 2014
Mrs A M McAlinden from 31 March 2016
Dr R G Dyer from 31 December 2016

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

Page 36 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 2017 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2017 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2016 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Employers Contribution to Stakeholder Pension To nearest £100 £000
Mrs A M McAlinden Chief Executive	0	0	0	0	0	0	0	0
Mr P Cooper Director of Finance Deputy Chief Executive	2.5 - 5.0	0 - 2.5	45 - 50	120 - 125	728	54	782	0
Dr R G Dyer Medical Director	0 - 2.5	2.5 - 5.0	50 - 55	160 - 165	1,048	58	1,106	0
Ms L Davenport Chief Operating Officer	0 - 2.5	0 to -2.5	40 - 45	120 - 125	725	45	770	0
Mrs J Viner Chief Nurse	2.5 - 5.0	15.0 - 17.5	45 - 50	140 - 145	874	132	1,006	0
Mrs A Wagner Director of Strategy and Improvement	2.5 - 5.0	12.5 - 15.0	40 - 45	120 - 125	725	115	840	0
Ms J Saunders Director of Workforce and Organisational Development	7.5 - 10.0	17.5 - 20.0	35 - 40	100 - 105	487	93	580	0
Mr M Ringrose Interim Director of Human Resources	0 - 2.5	2.5 - 5.0	45 - 50	140 - 145	1,021	79	1,100	0

Mrs L Darke Director of Estates and Commercial Development	0 - 2.5	2.5 - 5.0	30 - 35	95 - 100	565	33	598	0

The following have opted out of the pension scheme:

- Mrs A M McAlinden from 31 March 2016
- Dr R G Dyer from 31 December 2016

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 in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real Increase in CETV – this reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) 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 per cent to 2.8 per cent. 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 several times a year, in order to enable it to make its recommendations to the Board. It formally reports to the Board, explaining its recommendations and the basis for the decisions it makes.

Membership

The Committee's membership includes all non-executive directors. The Chief Executive and other senior managers should not be present when the Committee meets to discuss their individual remuneration and terms of service, but may attend by invitation from the Committee to discuss other staff's terms. Accordingly, the Chief Executive and the Director of Workforce and Organisational Development attend the Committee when required.

Membership of the Executive Nominations and Remuneration Committee for 2016/17:

Period 1 April 2016 – 31 March 2017

Member	Meeting date				
	6 April 2016	25 May 2016	2 Nov 2016	1 Feb 2017	28 Mar 2017
Sir R Ibbotson*	✓	✓	apologies	✓	✓
Mr D Allen**	✓	✓	✓	✓	✓
Mr J Furse	✓	✓	✓	✓	n/a
Mrs J Lyttle	✓	✓	✓	apologies	apologies
Mrs J Marshall	apologies	✓	✓	✓	✓
Mr R Sutton	n/a	✓	✓	✓	✓
Mrs S Taylor	✓	✓	✓	✓	apologies
Mr J Welch	✓	✓	✓	✓	apologies

*chairman **vice chair n/a = not applicable

Senior managers Remuneration Policy

The remuneration package for senior managers is made up of:

Item	Rationale
Salary	• 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 Director of Workforce and Organisational Development, 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	• 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	• Standard pension arrangements are in place in 2016/17. • 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	• 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	• 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 2017, four executive directors were paid more than £142,500 as identified by the remuneration report (audited information) on pages 31 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
- Director of Workforce and Organisational Development.

Unless noted above, all of these post holders have been in post throughout 2016/17. An interim Director of Workforce was in place prior to the appointment of the Director of Workforce and Organisational Development 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 2016/17.

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 35. On page 32, 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	• £45,000 per annum for the non-executive Chairman, three days per week (no change from last year).
Remuneration	• £13,000 per annum for all other non-executive directors, three days per month (no change from last year).
Remuneration	• Additional uplift of £3,000 for the chair of the Audit and Assurance Committee (no change from last year).
Remuneration	• Additional uplift of £1.5k given to the Senior Independent Director (SID*) (no change from last year).
Remuneration	• Additional uplift of £1.5k given to the chair (NED) of Torbay Pharmaceuticals (no change from last year).
Remuneration	• Additional uplift of £1k given to the Vice Chair (change from last year).
Expenses	• Chairman and non-executive director mileage rates are aligned with latest guidance; 56p for the first 3,500 miles reducing to 20p per mile thereafter. All other expenses remain in line with Trust policy.
Other	• In 2016/17 the Council of Governors agreed no overall uplift for inflation for the Chairman and non-executive directors.

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 12 governors (14 in 2015-16) during the year was £2,743.87 (£3,270.37 in 2015/16).

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 2016-17 was £190,000 - £195,000 (2015-16, £190,000 - £195,000). This was 8.0 times (2015-16, 8.8) the median remuneration of the workforce, which was £24,299 (2015-16, £22,254).

In 2016-17, 5 (2015-16, 6) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,251 to £305,668 (2015-16, £15,100 - £287,200).

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: 24 May 2017**

Staff Report

An analysis of staff costs (audited information)

	2016/17			2015/16		
	Total £000s	Permanently Employed £000s	Other £000s	Total £000s	Permanently Employed £000s	Other £000s
Salaries and wages	180,145	180,145	-	152,092	152,092	-
Social security costs	16,024	16,024	-	10,710	10,710	-
Employer's contributions to NHS pensions	21,575	21,575	-	18,277	18,277	-
Pension cost - other	21	21	-	42	42	-
Temporary staff	9,729	-	9,729	7,610	-	7,610
Total staff costs	**227,494**	**217,765**	**9,729**	**188,731**	**181,121**	**7,610**
Of which						
Costs capitalised as part of assets	1,485	1,485	-	1,260	1,260	-

The Trust incurred no costs in respect of other post-employment benefits, other employment benefits, or termination benefits, nor did the Trust recover any funds in respect of seconded staff.

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

The number of Board members as at 31 March 2017 was 15; six males (40 per cent) and nine females (60 per cent).

An analysis of worked full time equivalents (FTEs) (audited information)

	2016/17			2015/16		
	Total FTE's	Permanently Employed FTE's	Other FTE's	Total FTE's	Permanently Employed FTE's	Other FTE's
Medical and dental	475	454	21	450	433	17
Administration and Estates	1,402	1,398	4	1,193	1,187	6
Healthcare assistants and other support staff	987	977	10	790	775	15
Nursing, midwifery and health visiting staff	1,590	1,529	61	1,351	1,307	44
Scientific, therapeutic and technical staff	994	980	14	828	820	8
Social care staff	122	121	1	55	54	1
Total staff costs	**5,570**	**5,459**	**111**	**4,667**	**4,576**	**91**
Of which						
Number of employees (WTE) engaged on capital projects	37	37	0	31	31	0

Exit Packages (audited information)

Staff Exit Packages Paid in Year

	2016-17			2015-16		
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
Less than £10,000	2	52	54	1	28	29
£10,001 - £25,000	2	24	26	3	8	11
£25,001 - 50,000	-	10	10	2	12	14
£50,001 - £100,000	-	5	5	1	1	2
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	1	-	1
Greater than £200,000	-	-	-	-	1	1
Total number of exit packages by type	4	91	95	8	50	58

	Cost of compulsory redundancies £000s	Total cost of other exit packages £000s	Total cost of exit packages £000s	Cost of compulsory redundancies £000s	Total cost of other exit packages £000s	Total cost of exit packages £000s
Compulsory redundancy	50	-	50	345	-	345
Contractual payments in lieu of notice	-	1,256	1,256	-	710	710
Exit packages following payments following employment tribunals or court orders	-	229	229	-	229	229
Total cost of exit packages	**50**	**1,485**	**1,535**	**345**	**939**	**1,284**

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 2014-15, 2015-16 and 2016-17

Year	12 Months Sickness	FTE	FTE Days Available	FTE Days Lost to Sickness Absence	Average Number of Days' Sickness Absence*
2014-15	4.21%	3,564	801,801	33,724	9.5
2015-16	3.98%	5,084	1,855,660	73,769	8.9
2016-17	4.37%	5,186	1,892,725	82,653	9.8

*per employee

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

- Period covered: Apr 2016 to March 2017.
- 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 Full-Time Equivalent (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

Torbay and South Devon NHS Foundation Trust (The Trust) believes in providing equity in its services, in treating people fairly with respect and dignity and in valuing diversity both as a health and care services provider and as an employer. The Diversity and Inclusion Policy sets out the responsibilities of the Trust, its staff, and those who use it services. The Trust is committed to equality and promotes a culture that actively values difference and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace and enhance the way we work. The Trust aims to be an inclusive organisation, where diversity is valued, respected and built upon, with ability to recruit and retain a diverse workforce that reflects the communities we serve. The Diversity and Inclusion Policy affords equal protection to those who access our services, ensuring people are involved in their care, and its workforce, ensuring staff have fair and equal opportunity.

All Trust policies continue to be subject to a Rapid (E) Quality Impact Assessment which aims to tackle discrimination or disadvantage at the outset.

The Trust is a Mindful Employer, supporting health and wellbeing at work. The Trusts' Employability Policy supports those who may experience disadvantage to find sustainable employment through experience-based work placements. In accordance with The Talent for Care, Get In model, we are able to support, a range of people to develop their employability skills in a safe environment through our Work Experience programmes, Traineeships, Apprenticeships and eventually through securing employment. We recognise that there may be times when staff experience episodes of poor health or wellbeing. For these staff we have policies in place to ensure they get the support and guidance and reasonable adjustments they need to assist them through this difficult time. We also have an Employee Assistance Programme (EAP) which is provided by our Occupational Health provider Optima Health.

In order for staff to feel valued and engaged, it is essential for them to be kept well informed. All staff have access to the Trust's internal communication system which incorporates the All Staff Bulletin, Executive Blogs and forums where information and opportunities are shared. All staff have the opportunity to consult on matters that affect them and raise concerns safely. Freedom to Speak Up Guardians and Diversity and Inclusion Guardians, together with our Acceptable Behaviour Advisors and Wellbeing Champions, are given training pertinent to their roles and will signpost staff to the appropriate support. Furthermore, under the leadership of the Equality Business Forum, our Employee Network Groups, including the Disability Awareness and Action Group (DAAG), Lesbian, Gay, Bisexual and Transgender Group (LGBT) and the Black, Minority Ethnic Group (BME), have an opportunity to affect positive change.

Diversity and Inclusion

Diversity and Inclusion is at the forefront of everything we do within the NHS. As a trust we are committed to building an organisation that puts patients' and service users wishes at the centre, and removing the barriers that hinder staff and prevent them working to their full potential. All staff are kept informed and are, aware of the values of the NHS Constitution. In addition, all staff can be assured that they will be valued and supported to continue to carry out their duties effectively, ensuring that everyone counts.

Equality Delivery System (EDS2)

The Equality Delivery System (EDS) is a governance framework, mandated by NHS England in April 2015. It was first 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. The EDS was created to drive improvements, strengthen the accountability of services to the service users and bring about workplaces free from discrimination. At the heart of EDS2 are 18 outcomes, grouped under four goals. These outcomes are equally split and, relate to issues that matter to people who use, and work in, the NHS.

Joint Equalities Cooperative

The Trust, together with, South Devon and Torbay Clinical Commissioning Group (SD&T CCG), Devon Partnership NHS Trust (DPT) and Northern ,Eastern & West Devon CCG(NE&WD CCG) have developed a Joint Equalities Cooperative to enhance strategic leadership and governance structures to advance equality for the local population. 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 (outward-facing), equality objectives and (ii) to report that work into the health and wellbeing boards to inform and potentially influence strategy around health inequalities.

Equality Business Forum

The Equality Business Forum monitors, develops, and improves the Trust's work on the Workforce Diversity and Inclusion Agenda. The Forum is specifically responsible for overseeing the agenda and holding the organisation to account on all workforce equality issues. The forum focuses on the business of the organisation providing the Trust Board with robust assurance on the delivery of the agenda. This Forum is a sub-group of the Workforce and Organisational Developmental Group which reports through the Quality Assurance Committee to the Trust Board.

The Forum produces and implements the Diversity and Inclusion action plan and cascades this to the relevant parties for action. The forum collaborates, with a range of external groups and organisations to achieve its goals.

Workforce Race Equality Standard (WRES)

On 1 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. At the end of 2016 we appointed a new BME Chair who will be able to drive forward this initiative. Whilst there remain areas for improvement to advance equality of our BME colleagues the results of the 2016 Staff Survey give some encouraging data. In the 2015 Staff Survey it was almost 4 times more likely for a BME colleague to experience discrimination than a white colleague. In 2016 this figure has reduced to below 2.5 times. However, this remains a priority for the trust to continue to build on this positive movement.

Accessible Information Standard

NHS England mandated the Accessible Information Standard on 24th June 2015, which applies to all organisations providing NHS or Adult Social Care. 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 Trust has assigned an Implementation Lead and Lead Director to drive forward work in this important area and continues to make progress through collaboration with service users.

The Employability Hub

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.

The hub offers a range of services including work experience for adults and young people (including Devon Studio School) and a number of extended placements and internships (Project Search). The Step Programme focuses on supporting people who often face discrimination/social exclusion. The Hub offers, access to work placements to develop people's knowledge, skills and experience. Those individuals who demonstrate their commitment to the Step Programme may be considered for a Traineeship or Apprenticeship. The Employability Hub was a finalist in the Health Education England Star Awards in 2016 for advancing innovation in the sector.

Modern Slavery Act 2015

The Modern Slavery Act 2015 established a duty for commercial organisations to prepare an annual slavery and human trafficking *statement as shown on our Trust public website - http://www.torbayandsouthdevon.nhs.uk/uploads/slavery-and-human-trafficking-statement.pdf.* This is a statement of the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

An entity is a 'commercial organisation' for the purposes of the Act if it supplies goods and services and has an annual turnover in excess of £36 million (set out in The Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015). Additionally it must be a body corporate or partnership which carries on a business, or part of a business, in any part of the United Kingdom.

2016 National NHS Staff Survey

The annual survey seeks the views of staff about their job and working for the Trust and is one of the most widely used methods for measuring staff engagement. The results provide an indicator of how the Trust compares against similar trusts nationally and how this has changed since last year.

Staff engagement

The Trust recognises the importance of staff engagement and the need to strengthen the voice of our staff. Research has shown a relationship between staff engagement and individual and organisational outcome measures, such as staff absenteeism and turnover, patient satisfaction and mortality; and safety measures, including infection rates. The more engaged staff members are, the better the outcomes for patients and the organisation generally.

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

- 'Just Ask!' noticeboard for staff to ask questions or raise issues with the executive team.
- Staff Friends and Family Test.
- Freedom to Speak Up Guardian network.
- Equality forums.
- Joint consultations/negotiations with the Trade Unions.
- All managers briefing.
- Weekly staff bulletin.

The 2016 staff survey findings demonstrate that despite a financially challenging year with significant organisational and service change, the Trust has maintained its overall staff engagement score which continues to be better than the national average;

	TSDFT 2015	TSDFT 2016	National Average 2016
Overall Staff Engagement	**3.87***	**3.87***	**3.80***
KF 1 - Staff recommendation of the Trust as a place to work or receive treatment	3.92*	3.90*	3.71*
KF 4 - Staff motivation	3.94*	3.95*	3.94*
KF 7 - Ability to contribute to improvements at work	72%	74%	71%

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

The Trust seeks to enhance and improve upon the level of staff engagement through the development of an overarching Engagement Strategy.

Response rate

The survey was issued to all staff in September 2016 and by the time the fieldwork closed in November, 2684 staff had taken part in the survey. This represents a response rate of 45% which is in line with the national average for combined acute and community trusts and is comparable to the Trusts response rate in 2015:

	2015/16	2016/17		Trust Improvement/ Deterioration
	Trust	Trust	National Average	Trust
Response rate	46% (2698)	45% (2684)	42%	Comparable

Summary of survey findings

It is pleasing to see, that through the development of a targeted action plan, significant statistical progress has been made in all but one of the Trust priorities identified from the 2015 Staff Survey;

	2015 Staff Survey	2016 Staff Survey
Percentage of staff feeling pressure to attend work when feeling unwell	65%	50%
Percentage of staff witnessing harmful errors, near misses or incidents	30%	28%
Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.65	3.68
Staff confidence and security in reporting unsafe clinical practice	3.59	3.70
Sustain staff engagement	3.87	3.87
Ensure BME staff have equal access to career opportunities and receive fair treatment in the workplace (WRES)	*See below*	

**scale summary score from 1 to 5, where 5 is the highest.*

Workforce Race Equality standard (WRES)

	TSDFT 2015 (White)	TSDFT 2015 (BME)	TSDFT 2016 (White)	TSDFT 2016 (BME)	National Average 2016 (White)	National Average 2016 (BME)
% staff experiencing HBA from patients, relatives, public	26%	26%	22%	28%	27%	27%
% staff experiencing HBA from staff	25%	34%	22%	17%	22%	26%
% staff believe the Trust provides equal opportunities for career progression	89%	70%	88%	85%	88%	75%
% staff experienced discrimination by manager/colleague	6%	21%	5%	12%	6%	14%

Compared with combined community and acute trusts nationally, the Trust is rated as average or better than average in 27 out of 32 key findings. The Trust compares most favourably nationally in the following five areas;

		2015/16	2016/17		Trust Improvement/ Deterioration
Top five ranking scores		**Trust**	**Trust**	**National Average**	**Trust**
KF1	Staff recommendation of the organisation as a place to work or receive treatment	3.92	3.90	3.71	Decrease 0.02
KF14	Staff satisfaction with resourcing	3.34	3.38	3.28	Increase 0.04
KF18	% staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	65%	50%	55%	Decrease 15%
KF20	% of staff experiencing discrimination at work in the last 12 months	10%	8%	10%	Improvement 2%
KF23	% of staff experiencing physical violence from staff in last 12 months	2%	1%	2%	Improvement 1%

**scale summary score from 1 to 5, where 5 is the highest.*

Future Priorities 2016-17

It is important that we celebrate those areas in which the Trust performs well and that we maintain efforts in these areas. It is equally important to learn and develop organisational responses to those areas in which the Trust performs less well, either by comparison to the national average or its previous year's performance (see table 6 and 7)
Given the Trust's financial challenges and requirement for significant transformation, maintaining an engaged workforce is more important than ever. As such staff engagement needs to continue to be an organisational and leadership priority for the Trust.

		2015/16	2016/17		Trust Improvement/ Deterioration
Bottom five ranking scores		**Trust**	**Trust**	**National Average**	**Trust**
KF12	Quality of appraisals	3.01	3.05	3.11	Improvement 0.04
KF24	% of staff/colleagues reporting most recent experience of violence	63%	53%	67%	Decrease 10%
KF29	% of staff reporting errors, near misses or incidents witnessed in the last month	91%	89%	91%	Decrease 2%
KF30	Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.65	3.68	3.73	Improvement 0.03
KF32	Effective use of patient/service user feedback	3.64	3.65	3.68	Improvement 0.01

		2015/16	2016/17	
Deterioration in comparison to 2015		**Trust**	**Trust**	**National Average**
KF11	% staff appraised in last 12 months	88%	86%	86%
WRES - % staff experiencing HBA from patients, relatives, public		26%	28%	27%

Action plans

Following engagement with key stakeholders, a comprehensive action plan will be developed to address those areas highlighted for development. Actions already complete include; the development of a Datix e-learning tool to supplement the face to face training for the single incident reporting system; the development of a tackling Discrimination Together policy and the development and launch of the coaching network. Plans are also in place to redesign the appraisal paperwork to incorporate a strength based methodology focusing on an Achievement review. The implementation of the action plan will be monitored through the workforce and organisational development committee.

Sustainability

Torbay and South Devon NHS Foundation Trust (TSDFT) recognises that as a healthcare provider that promotes wellbeing, we have a responsibility to maximise our contribution to creating social value and ensure that our use of resources is efficient thus maximising the funds available for patient care.

With the formation of the Integrated Care Organisation, Torbay and South Devon NHS Foundation Trust brings together carbon data previously recorded as two separate organisations. As the largest employer in the area, we acknowledge the impact we have on the local economy, society and environment and are committed to work to actively integrate sustainable development into our core business.

A sustainable, low carbon NHS offers:

- An opportunity to save money while helping to create a high-quality, resilient healthcare service.
- A more sustainable future that will boost the local economy, creating a stronger local community.
- Creation of healthcare benefits – for example, reducing car use resulting in decreased pollution with an associated reduction in respiratory diseases, fewer traffic accidents and a more active lifestyle helping to tackle obesity and reducing the risk of diabetes, heart disease and stroke.

During 2016/17 the Trust's Sustainability Strategy was reviewed and refreshed from our original plan developed in 2010 and considers national and local progress against key targets, as well as building our emerging Strategy in line with current guidance. By updating our Strategy in this way, we will ensure that we understand, commit to, and will realise our responsibilities as a public organisation and help to guarantee that we fulfil the needs of today without compromising those of future generations. In-year achievements include:

- Initiating a Trust-wide Travel Plan, reducing the number of vehicles used to reach the workplace and introducing carbon-neutral schemes including cycle to work
- Working with Torbay Council to improve travel planning, including supporting the development of a local rail station
- Maximising opportunities for reducing high cost waste
- Using natural light and air in building design and maintenance
- Introducing new LED lighting schemes, including movement sensors in replacement programmes and new projects
- Minimising food waste in the way it is prepared, procured and served

The Trust operates services from over 50 properties across South Devon from Dartmouth to Dawlish, covering three different Local Authorities and we employ over 6,000 staff.

Waste

Although the amount of waste we generate continues to increase increased, our segregation of the waste generated continues to improve, with recycling increasing by 13% and incinerated waste down by 30%. By adopting waste to energy disposal, we have significantly reduced the volume of waste sent to landfill – down to circa 200 tonnes in 2016/17, compared to over 700 tonnes in 2015/16. We will continue to work with wards and departments over the year to extend the improvements made to date.

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.

Working with South West Water, we have continued to monitor our water consumption carefully and have remedied leaks during the year that would otherwise have wasted water and increased associated costs. Trust costs remain relatively constant and positively, slightly below those of the previous year.

Expenditure on Consultancy

Note 4 of the Accounts show the Consultancy spend in year of circa £22,000. The expenditure on internal audit for the year 2015-16 was £44,000.

Off payroll engagements

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

Non-Compulsory Departure Payments

	2016-17		2015-16	
	Agreements	Total value of agreements	Agreements	Total value of agreements
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	51	1,092	23	509
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	40	164	26	201
Exit payments following employment tribunals or court orders	1	-	1	229
Non-contractual payments requiring HMT approval*	-	-	-	-
Total	**92**	**1,256**	**50**	**939**
of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

Serious data loss

The Trust is required under NHS Information Governance rules to publish details of serious untoward incidents involving data loss or confidentiality breach. The Trust reported one incident (four incidents during 2015/16) regarding a data breach to the Information Commissioner during 2016/17. 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 page 77.

Any other incidents recorded during 2016/17 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. The Trust has support from an experienced graduate independent Local Counter Fraud Specialist (LCFS) to ensure risks are mitigated and systems are resilient to fraud and corruption. 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. During 2016/17 a total of 180 days were provided.

The Trust raises awareness of fraud in its staff communications through regular newsletters, displays in public and staff areas and individual department awareness presentations from the LCFS.

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 committees. Membership numbers are given for each constituency. All numbers are as at 31 March 2017.

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: 1,215 members
Teignbridge Constituency Elected public governors, 7 representatives: 4,109 members
Torbay Constituency Elected public governors, 7 representatives: 5,675 members

Name	Constituency	Tenure	CoG Attendance
Christina Carpenter	South Hams and Plymouth	Term ended - 28 Feb 2017	4/4
Peter Coates	South Hams and Plymouth	Elected - 01 Mar 2017	n/a
Craig Davidson	South Hams and Plymouth	Elected - 01 Mar 2016	2/4
Mary Lewis	South Hams and Plymouth	Elected - 01 Mar 2016	3/4
Terry Bannon	Teignbridge	Term ended - 28 Feb 2017	4/4
Carol Day	Teignbridge	Elected - 01 Mar 2013	3/4
Cathy French*	Teignbridge	Elected - 01 Mar 2011	4/4
Annie Hall	Teignbridge	Elected - 01 Mar 2016	4/4
Barbara Inger	Teignbridge	Elected - 01 Mar 2015	4/4
David Parsons	Teignbridge	Elected - 01 Mar 2016	4/4
John Smith	Teignbridge	Elected - 01 Mar 2016	3/4
Sue Whitehead	Teignbridge	Elected - 01 Mar 2017	n/a
Bob Bryant	Torbay	Elected - 01 Mar 2017	n/a
Adrian Cunningham	Torbay	Resigned - 19 Sep 2016	1/2
Sylvia G-Jones	Torbay	Term ended - 28 Feb 2017	3/4
Lynne Hookings	Torbay	Elected - 01 Mar 2013	3/4
Paul Lilley	Torbay	Elected - 01 Mar 2017	n/a
Wendy Marshfield	Torbay	Elected - 01 Mar 2014	4/4
Andy Proctor	Torbay	Elected - 01 Mar 2016	3/4
Simon Slade	Torbay	Elected - 01 Mar 2015	1/4
Peter Welch	Torbay	Elected - 01 Mar 2015	4/4

*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	2/4
Diane Gater	Clinical (acute)	Elected - 01 Mar 2015	3/4
Nicola Barker	Community	Elected - 04 Jan 2016	4/4
Carol Gray	Community	Resigned - 31 Mar 2017	3/4
April Gradwell	Non-clinical	Elected - 01 Aug 2016	2/2
Catherine Micklethwaite	Non-clinical	Elected - 01 Aug 2016	2/2

Appointed governors (partner organisations)

Name	Organisation	Tenure	CoG Attendance
Mark Procter	South Devon and Torbay	Appointed - 01 Jul 2013	1/4
Rosemary Rowe	Devon County Council	Appointed - 01 Jul 2013	3/4
Sylvia Russell	Teignbridge Council	Appointed - 01 Jun 2013	3/4
Julien Parrott	Torbay Council	Appointed - 01 Jun 2015	0/4
Simon Wright	South Hams District	Appointed - 01 Jul 2015	3/4

The Council of Governors was chaired by Richard Ibbotson from 1 April 2016 to 31 March 2017. 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 August 2016, January 2017 and February 2017.

August 2016 – two acute non-clinical seats became available. Two acute-based staff put themselves forward; April Hopkins and Catherine Micklethwaite were elected for a three-year term.

January / February 2017 – Five publicly-elected seats became available with one governor standing for re-election. One of the seven Teignbridge constituency seats and three of the seven Torbay constituency seats were contested. There were four candidates for the Teignbridge seat and four candidates for the Torbay constituency seats and just one candidate put themselves forward for the seat on offer within the South Hams and Plymouth constituency. Bob Bryant and Paul Lilley (both Torbay) took up their seats from 1 March 2017. Wendy Marshfield from Torbay was re-elected for a further three-year term. Sue Whitehead is the new governor for Teignbridge and takes up the three-year term from 1 March 2016. Peter Coates was elected unopposed for the South Hams and Plymouth constituency.

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 over ten years now, and we are maintaining a public membership of just under 12,000 people whom we stay in contact with once or twice a year. The annual public membership surveys has been welcomed in recent years by governors, but has not happened since the forming of the integrated care organisation in October 2015. This is due to the South Devon and Torbay Clinical Commissioning Group (CCG) led consultation on community hospitals and services that took place during 2016 with results being presented by Healthwatch Torbay in January 2017. The Trust is committed to implementing a new public membership survey in 2017.

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 service user experience

The Trust continues to increase its understanding of what patients, clients, carers, families and the public (service users) 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 / Engagement Group so that the Trust better understands the service user experience.

The Trust Board recognises the importance of understanding the service user experience and continues to receive a service user 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 2017, the Council of Governors held its annual self-assessment session; a review of the previous year and actions being agreed for 2017/18. One of the actions undertaken by governors was to establish a new Governor Strategy for 2017/18. Governors have received the draft strategy document for comment and the Trust looks forward to approving a final document at the Council of Governors meeting in July 2017.

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

Non-Executive Director Nominations Committee

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

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

The meetings are chaired by the Trust chairman except when the Committee is dealing with any matter of appointment concerning the Chairman; the chair for this item will be the Lead Governor.

Following 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 December 2016, the Council of Governors unanimously agreed to re-appoint David Allen until 29 February 2020 subject to annual performance reviews. The Council of Governors also unanimously agreed to delay the recruitment of a new non-executive director when James Furse would be standing down on 28 February 2017.

In the spring (2017), 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 2016/17 put forward by the Remuneration Committee were agreed by a majority of the Council of Governors in July 2017.

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 2016 totalled 11,485 and 10,999 at the end of March 2017. We estimate that this represents around seven per cent of the households in our catchment area.

The group has adopted the following objectives for 2017/18 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 54) shows the areas covered by our public constituencies.

At the Council of Governors meeting in April 2017 it was unanimously agreed that the membership age within the Constitution be reduced to 14 and that the name of the 'Mutual Development Group' be changed to the 'Membership Group'. The Board of Directors had previously supported these changes at their Board meeting in April 2017.

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.**

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.

*Further information can be found in the annual governance statement (pages 65 to 83).

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 and with all governors following the meeting. 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.

NHS Improvement's Single Oversight Framework

NHS foundation trusts receive a segmentation rating from NHS Improvement (NHSI) and this section of the annual report describes the different types of segmentation, the reasons for this and the actions being taken to address any significant issues.

From 1 April 2016, NHSI is the operational name for an organisation that brings together:

- Monitor;
- NHS Trust Development Authority;
- Patient Safety, including National Reporting and Learning System;
- Advancing Change Team; and
- Intensive Support Teams.

NHS Improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs to help them improve. The framework looks at five themes:

1. Quality of care;
2. Finance and use of resources;
3. Operational performance;
4. Strategic change; and
5. Leadership and improvement capability (well-led).

Based on information from these themes, providers are segmented from one to four, where 'four' reflects providers receiving the most support, and 'one' reflects providers with maximum autonomy. A foundation trust will only be in segments three or four where it has been found to be in breach or suspected breach of its licence.

The Single Oversight Framework only applied from quarter three of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place and information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

As at 31 March 2017, Torbay and South Devon NHS Foundation Trust is in segment two.

Current segmentation information for NHS trusts and foundation trusts is published on NHSI's website. A description of each segment is shown in the table below.

Segment Description

Segment	Description
1	**Providers with maximum autonomy** – no potential support needs identified across our five themes – lowest level of oversight and expectation that provider will support providers in other segments.
2	**Providers offered targeted support** – potential support needed in one or more of the five themes, but not in breach of licence (or equivalent for NHS trusts) and/or formal action is not needed.
3	**Providers receiving mandated support for significant concerns** – the provider is in actual/suspected breach of the licence (or equivalent for NHS trusts).
4	**Special measures** – the provider is in actual/suspected breach of its licence (or equivalent for NHS trusts) with very serious/complex issues that mean that they are in special measures.

During the year the Trust was offered targeted support due to concerns in relation to one or more of the themes. NHSI offered the Trust assistance in the form of an NHSI Very Senior Manager to support the Trust to deliver the 2016/17 revised deficit (improving that where possible) and to further improve the confidence in delivery of the 2017/18 plan.

Further information can be found in the Annual Governance Statement which starts on page 65.

Finance and Use of Resources

The finance and use of resources theme is based on the scoring of five measures from 'one' to 'four', where 'one' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Where trusts have a score of four or three against finance and use of resources, this will identify a potential support need, as will providers scoring a four (i.e. significant underperformance) against any of the individual metrics.

Area	Metric	2016/17 Quarter 3 Score	2016/17 Quarter 4 Score
Financial Sustainability	Capital Service Capacity	4	4
	Liquidity	3	3
Financial Efficiency	Income and Expenditure Margin	4	4
Financial Controls	Distance from Financial Plan	4	4
	Agency Spend	3	3
Overall Scoring		**4**	**4**

Finance and Use of Resources Metrics - The finance and use of resources metrics incorporates five common measures of financial robustness and efficiency:

(i) **Capital servicing capacity:** the degree to which the Trust's generated income covers its financing obligations**;**

(ii) **Liquidity:** days of operating costs held in cash or cash- equivalent forms, including wholly committed lines of credit available for drawdown;

(iii) **Income and expenditure (I&E) margin**: the degree to which the Trust is operating at a surplus/deficit;

(iv) **Distance from financial plan**: variance between the Trust's year-to-date actual I&E surplus/deficit in comparison to year-to-date plan I&E surplus/deficit; and

(v) **Agency spend:** distance from the Trust's cap.

The Trust's Care Quality Commission declaration is reported elsewhere in this annual report – see page 72.

Other than targeted support described above and in the annual governance statement, there have been no formal interventions by NHS Improvement during 2015/16 or 2016/17.

Signed

Mairead McAlinden
Chief Executive **Date: 24 May 2017**

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 NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Torbay and South Devon NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. 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 Department of Health Group Accounting Manual and in particular to:

- observe the accounts direction issued by NHS Improvement, 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 (and the Department of Health Group Accounting 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: 24 May 2017**

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 2017 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 and framework has been delegated by the Board of Directors, via the Executive Team to the Risk Group. Membership of the Risk Group includes three Executive Directors (chair is the Director of Finance who is also the designated Senior Information Risk Owner), Deputy Director of Nursing and representatives from Community Health and Social Care, Estates and Facilities Management; Information Management and Technology, Workforce and Finance and is supported by the Company Secretary, Risk Officer and Patient Safety Lead. In addition, the Executive Directors have in place a process whereby all significant risks to the achievement of service delivery unit and directorate objectives, NHS Improvement 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.

Directorate Managers are responsible and accountable to a Lead Director for the quality of the services that they manage and ensure that any identified risks are placed on the Directorate risk register. All such risks are reviewed by the relevant Directorate 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 (particularly those who achieve outstanding CQC ratings), 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 on a regular basis to either the Quality Assurance Committee, Finance, Performance and Investment Committee or Audit and Assurance Committee. The seven key groups are:- 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.

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. At each Board of Directors meeting, papers are provided with a report summary sheet through which Directors identify links to one or more corporate objectives and one or more overarching corporate level risks / themes.

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.

The Risk Group receives reports on any risks which could impact on the Trust's strategic objectives; particularly those risks deemed to be 'major' or 'catastrophic' or which could escalate to these levels if action is not taken. The Risk Group also oversees the development of the Trust's long term strategy and implementation of the risk management and assurance framework. A deep dive schedule was established during the year which ensures that significant risks (current risk score of 15) receives detailed scrutiny at the Risk Group, Audit and Assurance Committee, Quality Assurance Committee or Finance,

Performance and Investment Committee meeting. Further information can be found within the Trust's Risk Management Policy.

Significant risks (any with a current risk score of 15 or more in accordance with the risk scoring matrix) will be reported to and considered by the Executive Team. If it is deemed that a risk is a 'corporate level' risk it will be added to the Corporate Level Risk Register as described in the Trust's Risk Management Policy.

The Corporate Register will be reviewed by the Executive Team following a Risk Group meeting to ensure that:

- the risk has been appropriately assessed and recorded;
- actions plans/points are in place and leads identified and timescales for delivery; and
- the risk and actions points/plans are monitored to completion.

Appropriate risks are escalated to the Board Assurance Framework (BAF).

The Executive Team is also responsible for:

- ensuring that programme and operational risks are actively managed within their areas of the business;
- being owner and action owner of individual risks (including those delegated by the Chief Executive Officer); and
- devising short, medium and long-term strategies to tackle identified risk, including the production of any mitigating action plans.

The Audit and Assurance Committee has responsibility for the review of governance, risk management and internal control covering both clinical and non-clinical areas. The Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management (including regular review of the Board Assurance Framework and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. The Audit and Assurance Committee will request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control. The Audit and Assurance Committee may review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation and make recommendation to the Board of Directors where appropriate. Where the Audit and Assurance Committee feels that there is evidence of ultra vires transactions, evidence of improper acts or if there are other important matters that the Committee wishes to raise, the Chair of Audit and Assurance Committee will raise these at a full meeting of the Board of Directors and, if appropriate, exceptionally to NHS Improvement. After each meeting, the Chair of each Committee is required to provide a summary report to the Board of Directors addressing 'key issues' and any 'key decisions/recommendations'.

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, and the corporate level risks / themes are included on all Board papers in relation to the action being taken to manage these risks.

An example of where risk management is incorporated into core Trust business is in relation to the integrated Finance, Performance, Quality and Workforce Board report. The monthly report to the Board of Directors via the Finance, Performance and Investment Committee provides commentary on performance and on key variances and improvements. The report is created by the outcomes and actions from various meetings, for example, the Efficiency Delivery Group, Service Delivery Unit Quality and Performance Review meetings and Executive Team weekly meetings. A separate and detailed 'Performance and Quality Data Book' providing detailed assurance, predominantly in table and chart form, is also taken to the Finance, Performance and Investment Committee on a monthly basis.

Another example 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 2016/17. 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 86 to 162.

Locally, there is an opportunity for regular dialogue with our partners in the South Devon health and social care community: for example through the Joint Executive meeting which involves South Devon and Torbay Clinical Commissioning Group, Torbay and South Devon NHS Foundation Trust and both Torbay and Devon Councils.

4.2 Major risks

Emergency Department and Urgent Care Services

The Care Quality Commission (CQC) Inspection in February 2016, reported in June 2016, raised serious concerns with the safety and quality of care in the Trust's urgent care pathway. The CQC re-inspected these services in May 2017, and their report is expected in June 2017. Despite positive verbal feedback, the finding of 'inadequate' for our urgent care pathway will remain on the Corporate Risk Register until this report is received.

As at October 2016, considerable improvements had been made following the implementation of a number of CQC recommendations, including revised systems and processes and significant investment in the urgent care pathway. It was during this time that the Clinical Commissioning Group in consultation with NHS England removed formal oversight. A suite of safety and quality metrics were agreed and are the subject of regular reporting to the Board of Directors and key partners, providing assurance on the sustainability of that improvement. There is a strong correlation between the achievement of those safety and quality metrics and the Trust's improving performance against the four hour standard.

Performance against the four hour standard achieved the agreed improvement trajectory of 92 per cent in March 2017 with 94.2 per cent achieved, however this figure remains slightly below the national standard of 95 per cent.

Most recently, a letter capturing initial feedback from the CQC re-inspection in May 2017 included the following:

The inspection team commented how the emergency department felt like a completely different department and was unrecognisable from the previous report.

Of particular note were:

- *The improvements to rapid assessment, which received positive feedback from all staff we spoke with.*
- *A new mental health assessment room, which our inspector fed back as being the best they had seen.*
- *The new paediatrics department was a much better and safer environment. Our inspectors felt it ran very well independently from the rest of the department (being self-sufficient), but was an integral part of the wider team. However, the waiting area for children was small and meant that at times children did have to wait in the main waiting room.*
- *A much improved response to trust escalation, including input and actions from the whole system. A particular highlight was the work being undertaken by the complex discharge team to identify and support discharges.*

The Urgent Care Improvement and Assurance Group meetings will continue to meet fortnightly.

Financial Sustainability

Failure to achieve the level of cost reduction necessary to deliver the mandated NHS Improvement Control Total was a major risk in 2016/17 and remains so in 2017/18; the system wide savings requirement in the coming year is just over £40 million.

The Trust initially submitted a plan for 2016/17 based on a Payment by Results (PbR) contract mechanism, delivering a surplus of £1.7 million, in line with the control total mandated by NHS Improvement and, as a result securing national Sustainability and Transformation Fund (STF) monies. The final contract arrangement for 2016/17, with the encouragement of commissioners and regulators, reinstated the Risk Share Agreement (RSA) developed in support of the integrated care model, significantly reducing previously planned income levels. With the Trust assuming a share of the system wide risk, the expected financial result for the year deteriorated from a £1.7 million surplus to an £8.6 million deficit. The Trust has been in dialogue with NHS Improvement since month one regarding the revised forecast and has been reporting the impact of the final contract arrangement to the Finance, Performance and Investment Committee and Board of Directors throughout the year.

Reflecting the challenge in delivering planned savings and a number of cost pressures, the Trust reported deterioration in the forecast deficit during quarter three, then moving to a forecast of £12.1 million after the RSA was applied; £11.04 million as reflected in NHS Improvement's reporting requirements.

In its final result for the financial year ending 31 March 2017, the Trust is reporting a £12.23 million deficit; £10.99 million as reflected in NHS Improvement's reporting requirements. Although in line with the revised financial forecast of £11.04 million, the overall deficit is £13.89 million behind the original PbR based plan.

The Trust had the opportunity to secure £6.7 million of STF funding for 2017/16, which was dependent on the delivery of the financial plan and financial performance throughout the year. In the first six months the Trust was successful in securing £3.2 million. From

month seven onwards the Trust was unable to secure further STF funding as financial delivery was not in line with plan.

The underlying financial position in 2016/17 is, after a number of years of comparatively strong performance, creating a cash flow risk for the Trust. The principal approaches to managing this risk, agreed at Board are to carefully manage the capital programme, focusing on critical investment requirements only and the maintenance of the Trust's working capital facility; a fully committed facility put in place in October 2015.

CIP delivery remains a significant challenge and key risk on the Corporate Risk Register. The Board has acknowledged that the Trust has not been successful in realising the full extent of CIP plans and a more robust planning process, accountability framework, strengthened programme management office and more detailed reporting is in place for 2017/18, enhanced by targeted support from NHS Improvement as previously referenced.

In February 2017, NHS Improvement instigated an informal review in response to both the deteriorating financial forecast for 2016/17, but also referencing the scale of the financial challenge going forward. The purpose of the review was to diagnose the drivers of the decline in the Trust's financial position since October 2015, assess the extent to which the board and sub-committees were aware of the decline in financial performance and the appropriateness of their actions and to assess whether the controls and processes behind the Trust's plans to deliver the 2017/18 control total are robust and adequate.

The conclusion of the review is that the Trust should remain in Segment two (the Trust is offered targeted support and there are concerns in relation to one or more of the themes) as defined by the NHS Improvement Single Oversight Framework. The report, received in draft form and presented to Board, highlights a number of areas for improvement action, many of which were recognised as having been or in the process of being addressed including:

- The need for a more timely and appropriately scaled response, at Board and sub-Committee level to the management of financial pressures;
- The need for enhanced programme management arrangements to identify and support delivery of a challenging savings target;
- The development of a clear accountability framework through which budget holders are held to account for delivery; and
- Associated improvements in financial reporting,

The majority of these actions have been addressed, with the balance scheduled to be completed in the early part of 2017/18.

An additional level of Board scrutiny has been agreed with the establishment of the Financial Improvement Scrutiny Committee, which will oversee the delivery of these improved governance arrangements and the cost reduction plan for 2017/18.
To support this process, the Trust, with support from NHS Improvement, secured the assistance of a Very Senior Manager to support the Trust in delivering the 2016/17 revised deficit (improving that where possible) and to further improve the confidence in delivery of the 2017/18 plan.

Cancer 62 Day Target

The Cancer 62 day target was a risk during the year but has since returned to being above both the national standard and local trajectory. The Trust missed this target twice during the year; October and January.

Diagnostic Tests Waiting Over Six Weeks

The target for the percentage of patients waiting less than six weeks is 99 per cent, the Trust achieved 98.3 per cent for 31 March 2017. The Board has scrutinised and challenged the improvement actions needed to recover performance, and has funded additional capacity in an effort to deliver this standard, which has been successful in reducing the overall number of patients waiting more than six weeks for a Magnetic Resonance Imaging (MRI) scan with mobile van visits being commissioned to provide additional support. For Computed Tomography (CT) scans, however, capacity constraints remain due to the unavailability of specialist clinical support for cardiac CT scans. Plans are being reviewed to improve this position.

Referral to Treatment (RTT) 18 week waits

The target for the percentage of patients waiting under 18 weeks is 92 per cent; the Trust achieved 87.5 per cent as at 31 March 2017. The Trust has submitted a refreshed trajectory to NHS Improvement as part of the 2017/18 Operational Plan refresh, which has been approved by our Commissioner. This refresh forecasts a return to 92 per cent by March 2019, assuming targeted additional capacity can be secured and funded. This refreshed forecast reflects the recent publication of the 'Next Steps on the five year forward view' that emphasises the delivery of urgent care, cancer care and financial balance as priorities. Under-delivery of the RTT target and associated 52 plus week waits (see below) is a corporate risk for the Trust.

52 Week Waits

Growth in the number of 52 week waiters remains a significant risk and is being actively managed to ensure the number of patients waiting does not increase. A 'No cancellation' policy for greater than 52 week waiters was introduced in October 2016 and has had some impact in reducing the number of routine cases being cancelled.

Care Quality Commission (CQC) Inspection

A considerable amount of work has been undertaken to achieve compliance with all the requirements set by CQC following their inspection in February 2016 which assessed the Trust as 'Requires Improvement' and 'Outstanding' for caring.

The following tables show the Trust's CQC self-assessment across all service areas as at 26 April 2017.

Not Assessed	9
Inadequate	0
Requires Improvement	84
Good	401
Outstanding	1
Not Applicable	0
Total	**495**

1. Is it safe?	1	0	17	81	0	0
2. Is it effective?	2	0	26	71	0	0
3. Is it caring?	2	0	1	95	1	0
4. Is it responsive?	2	0	21	76	0	0
5. Is it well led?	2	0	19	78	0	0
Total	**9**	**0**	**84**	**401**	**1**	**0**

Of major concern was the CQC rating of the Trust's urgent care system as 'inadequate'. This immediately triggered an Executive-level response to escalate the pace and scale of plans already in place to improve safety, quality and performance of care in the urgent care system and audited and reported results to March 2017 indicate significant and sustained improvement.

The safety, quality and performance metrics for the urgent care system is subject to a detailed improvement plan that is monitored through the Trust's Urgent Care Improvement and Assurance Group with regular reporting to Trust Board and system partners. Performance and compliance has significantly improved since February 2016.

Ongoing bi-monthly meetings are held with the CQC lead inspector. These meetings are to review actions identified at inspection and to discuss ongoing requirements and information received, such as recent incident reports or complaints. At the last meeting in February 2017 no significant issues were raised.

A fully integrated CQC Assurance Group meets monthly. It is an opportunity to review any areas of concern and themes coming through from completed self-assessments, quality assessments and feedback from members. CQC action plans are reviewed monthly, with a full discussion on progress with the actions at the CQC Assurance Group. Any concerns in meeting these actions are reported to the Quality Assurance Committee.

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

The Trust has four strategic objectives which are:

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.

The corporate risks to the delivery of these strategic objectives are captured in the Corporate Risk Register summarised below:

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 / 5	1. Risk assessment, prioritisation and approval process in place to manage highest risks. High risk elements prioritised in the capital programme. 2. Planned preventative maintenance regime and asset register in place. 3. PPM performance and critical failures reported and monitored monthly. 4. Responsible persons in post (statutory). 5. Rolling programme for testing in place. 6. Capital allocation identified. 7. Annual review of system management. 8. Estates Strategy presented to Board in May 2016. 9. Board has approved plan based on actively considered risks versus maintaining a cash balance.	- 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)***	4 / 4	1. Performance reporting and action plans. Reports shared with the CCG. 2. Operational teams identifying additional capacity on an ad hoc basis i.e. extra lists. 3. Support from other specialties within Surgery taking on some of this backlog of work on specific patients i.e. Hernias and Lap Choles helping to create additional capacity. 4. Established clinic timetable.	- Reports from NHS Improvement regarding Trust submissions; - Monthly and cumulative performance reviews across the Trust to the Finance, Performance and Investment Committee and Trust board in line

Governance Risk Description (strategic objective)	Consequence[i] / Likelihood[ii]	Mitigating Action	Outcome measurement
		5. PTL monitoring and tracking in place. 6. Policies and procedures.	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 / 4	1. Bi-monthly report to Board. 2. Medical Recruitment review. 3. Nursing workforce strategy which includes overseas nursing recruitment. 4. E-Rostering system in place. 5. Restricted use of agency staff and use of bank staff wherever possible. 6. Additional support from current staff. 7. Escalation process in place.	- 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	1. Robust operational/action plan. 2. CQC inspection reports. 3. Financial viability of care homes monitored by Adult Social Care (ASC) commissioners. 4. Quality is monitored via QuESTT and bi-annual care home visits. 5. Contracts Management Group. 6. Escalation process in place.	- 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. Performance reports. 2. Deep dive reviews. 3. Monitoring and reporting of schemes. 4. Executive-led performance monitoring. 5. CIP plan. 6. Trust-wide improvement programme.	- Development of plans to release efficiency savings agreed by Trust Board of Directors.
Delayed delivery of ICO care model ***(objective 4)***	4 / 5	1. Care Model programme and detailed implementation plan. 2. Approval of investment proposals. 3. Stress testing underway to reduce investment and maximise savings against each project.	- Implementation of new models of care.
Patients from the Follow Up system may not receive required appointments resulting in critical diagnoses being missed ***(objective 1 and 4)***	4 / 4	1. Reviewing patients to ensure clinical priority is achieved. 2. Running additional clinics with established clinic timetable. 3. PTL monitoring and tracking in place. 4. Extra clinical space complete and new equipment is being purchased. 5. Virtual clinics now running in trial phase to establish best use of the time and equipment as well as issues with other sub-specialties.	- 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*	5 / 3	1. Escalation policy in conjunction with hospital escalation plan. Bi-monthly Urgent Care Improvement and Assurance Group (UCIAG) meetings to monitor action plan. Oversight by ED Improvement Board. 2. Two hourly board rounds during high volume situations. 3. Escalation process in place. 4. Weekly Executive Team meetings and huddle. 5. Routine performance reports. 6. Policies and procedures. 7. On call executive rota.	- Reports from NHS Improvement regarding Trust submissions; - Quality information/assurance reported to the Quality Assurance Committee, and Trust board. - Improved rating from the CQC

Governance Risk Description (strategic objective)	Consequence[i] / Likelihood[ii]	Mitigating Action	Outcome measurement
95% target is covered under the risk titled 'Failure to achieve key performance standard'		8. Established enhanced intermediate care and discharge to assess safer care bundle. 9. 3 times a day control meetings with real-time information and appropriate management responses. 10. Ward discharge coordinators have daily meetings to review ward discharges. 11. Risk assessment in place	
Capacity in neurology leading to lack of new patient appointments, leading to long delay to initial assessment, threat of RTT breach. ***(objective 1)***	4 / 4	1. Action plan in place. 2. RTT trajectory updated regularly in consultation with CCG and monitored via RTT Risk & Assurance Group. 3. Agency locum registrar secured extended until end of August 2017. 5. Agency locum registrar now working without direct supervision. 6. Established clinic timetable. 7. PTL monitoring and tracking in place.	- Reports from NHS Improvement regarding Trust submissions; - Quality information/assurance reported to the Quality Assurance Committee or Finance, Performance and Investment 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 2017, 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 2016.

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 Audit and Assurance Committee, Quality Assurance Committee or Finance, Performance and Investment Committee 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 latest review was conducted between December 2016 and March 2017 and a final report is due shortly.

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 diversity, inclusion and human rights into our culture. A range of control measures are in place to ensure that the organisation complies with its obligations under Equality, Diversity and Human Rights legislation. In 2016/17 the Trust enhanced its Freedom to Speak Up Guardian network through the appointment of two Equality and Diversity Guardians, in response to issues highlighted through the Workforce RACE Equality Standard (WRES) Survey for the Trust. It is reassuring that the most recent WRES shows significant improvement in the level of Black and Minority Ethnic (BME) staff responding more positively to this Survey.

Performance is monitored via two core streams: The Joint Equalities Co-operative (for the public) which, reports to the Safeguarding/Inclusion Group and then Quality Assurance Group through to the Trust Board; and the Equality Business Forum (for staff) which reports through the Workforce and Organisational Development Group to the Trust Board.

The Trust Board of Directors receives bi-monthly reports on diversity and inclusion issues from the Chief Nurse (service user update) and the Director of Workforce and Organisational Development (workforce update). 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.

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.

The Trust has a carbon reduction plan in place and over the last two years will have met its obligations for reduction in tonnes of CO2 emissions by 13.6 per cent.

In line with the requirements related to climate change, robust business continuity plans including required adaptations are in place in the event of flooding and high temperatures. These are regularly updated and tested throughout the year.

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 2016 to 31 March 2017 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
24-Nov-16	Unauthorised Access	An email with an attachment that included patient identifiable data was sent to an insecure address by an approved contractor working on behalf of the Trust.	The error was identified within ten minutes of the email being sent and a full investigation was undertaken by the Head of Information Governance. An internal review was also undertaken by the approved contractor with disciplinary actions being discussed. The supplier's remote access has been reviewed in line with the information governance requirements specified within the contract. This stated that no patient identifiable information should leave the Trust. The Trust has reviewed its own internal processes and made changes.

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 2016/17 were assessed as being of low or little significant risk. The Trust declared level two compliance against the information governance toolkit requirements by 31 March 2017. A new action plan will be created to deliver improvements against the 2017/18 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

4.9 Annual quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. NHS Improvement (in exercise of the powers conferred on 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.

Prior to the publication of the 2016/17 Quality Report, overseen by the Chief Nurse as lead director, The Trust has shared this document with:

- Our Trust governors, commissioners and Board of Directors;
- Healthwatch;
- Torbay Council Health Scrutiny Board;
- Devon County Council's Health and Wellbeing Scrutiny Committee;
- Trust staff; and
- Carers Group.

As in previous years, the Trust continues to hold an annual Quality Report engagement event inviting key stakeholders to come together and recommend the priority areas to be included in this year's report.

The feedback from the event continues to be positive with stakeholders feeling engaged in the development of the Quality Report and receiving feedback from the work undertaken in the previous year.

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 Chief Nurse 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.

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 following performance indicators an internal audit review was undertaken covering data collected from the 2016/17 financial year, discussions with staff and testing of the relevant controls, processes and data.

- Child and Adolescent Mental Health Services (CAMHS) - percentage of patients waiting under 18 weeks at month end;
- Diagnostic tests longer than the six week standard;
- Number of delayed discharges; and
- Arrival to first vital signs – could this be severe sepsis = yes (for adults as reported in the emergency department weekly metrics report).

Overall the data quality was satisfactory, with no areas for improvement identified for diagnostic tests or severe sepsis performance indicators.

Some variance between the reported figures and the actual figures based on up-to-date data at the time of the audit fieldwork was identified for the other two indicators. These variances were caused in part by timing differences due to subsequent updating of data and also where an incomplete cohort of data was being reported. Full details were reported to the Audit and Assurance Committee on 12 April 2017.

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 Information Technology Group.

In 2017/18 the Trust will continue to share 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.

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

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 11,000 Foundation Trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes. Following their meeting in February 2017, governors have agreed to write a new Governor Strategy.

- 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 Integrated Finance, Performance, Quality and Workforce 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 internal audit review of governance was undertaken during the year and reported to the Audit and Assurance Committee and Board of Directors.

- Through the Finance, Performance and Investment Committee, the Trust has arrangements for planning and managing financial and other resources in place.

  The Single Oversight Framework came into effect on 1 October 2016 and at month 12 the Trust is projected to deliver a rating of four under the new 'Use of Resources' rating (Rating of 1 = best, Rating of 4 = poorest).

Additional arrangements, as described in section 4.2 have been established in response to the growing financial challenge and the informal review undertaken by NHS Improvement, enhancing the Trust's financial governance arrangements and building its capacity ad capability in financial management and planning.

- The Trust uses Dr Foster and other benchmarking tools such as the NHS Carter productivity metrics to demonstrate the delivery of value for money. The Trust continues to develop its reference cost reporting data to ensure services are being provided as efficiently as possible. 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. Health and Safety issues and serious adverse events are also reported to this Committee.

- **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.

- **Financial Improvement Scrutiny Committee –** This Committee has been created to specifically focus on the Trust's Financial Improvement Plan (FIP), and is not intended to replicate or replace the current Committee structure that supports the Board and assures the wider aspects of a well governed organisation. Given the specific focus of this Committee, its role will be reviewed by the Trust Board by no later than February 2018 to establish its relevance and effectiveness going forward. The FIP has five critical success measures which the Committee will review monthly on behalf of the Board, these are:

  1. Delivery of the Trust income plan.
  2. Management of expenditure controls within Trust Board approved budgets.
  3. Delivery of the Trust's Financial Improvement Plan.
  4. Management of the cash position within approved limits by NHS Improvement.
  5. Advice to the Trust Board on the robustness of the current Governance, Accountability and Scrutiny systems that inform Board decision making.

- Seven main groups that report to the Quality Assurance Committee, Finance, Performance and Investment Committee or Audit and Assurance Committee:

  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. Measurement

  The 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 Director of Workforce and Organisational Development.

  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 Information Technology (IM&IT) Group** - Leads the development and implementation of the IM&IT 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 Finance.

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 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 including valuation of equipment, land and buildings, 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.

- Reviews and reports conducted and received from Regulators, both the Care Quality Commission and NHS Improvement received in the year, particularly relating to the management of Urgent and Emergency Care and financial management.

- Internal audit, who have conducted reviews against management of volunteers, urgent care, contracting with the voluntary sector, staff safety – lone working practices in the community, health and safety (reporting and visibility of non-clinical incidents including sharps incidents), cyber security, PEG feeding and medication, purchasing cards, Non-Medical Prescribing (Acute), reporting of agency staff usage, day and domiciliary care payments - contract process assurance, care assessment process (in light of the care act and eligibility), charitable funds, corporate secretary function, performance indicators - data quality, business cases and placed people (individual patient placements). 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.

- 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. Some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. We highlight the Trust's financial position which changed significantly during the course of the financial year. Over the 12 month period the Trust's forecast year-end financial position deteriorated. The Trust is reporting a final year end pre-audited deficit position of £12.23 million (adjusted to £10.99 million under NHSI reporting rules) against an initial forecast deficit of £6.2 million (Month 1) after re-instatement of the Risk Share Agreement between the Trust, South Devon & Torbay Clinical Commissioning Group and Torbay Council. The forecast deficit position then rose to £8.6 million as at Month 4. The Trust has taken a number of actions during the year to try to recover the increasing deficit, including a 'Call to Action' to all staff in December 2016 to engage them in reducing expenditure and putting in place a Recovery Plan to identify schemes to deliver the shortfall in CIP savings, slippage savings and to additional cost pressures which had arisen. This was, however, not until the end of Quarter 3, placing additional pressure on staff to deliver the required level of savings. The Trust received external support from NHSI to provide support in identifying opportunities to improve the financial position. There remain areas for development including simplifying and enhancing the approach to defining, reporting and communicating the financial position including for CIP savings. Although our work over the year has identified areas where improvements could be made to the system of internal control, we highlight the Trust's continued emphasis on the control environment and the proactive approach that has been taken over its response to internal audit work.

7.0 Conclusion

The Trust has faced a number of significant challenges in 2016/17; service standards required improvement for patients receiving urgent and emergency care and, like many organisations across the NHS, the financial environment has created challenges in delivering the Trust's financial targets and improvements to accountability, monitoring and reporting systems are underway. In reviewing systems and processes in these areas governance arrangement have been enhanced and further controls established to best ensure delivery of these important measures into the future.

Signed

Mairead McAlinden
Chief Executive **Date: 24 May 2017**

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 tsdft.foi@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: Foundation Trust office on 01803 655705 or email foundationtrust.tsdft@nhs.net

To tell us what you think

About this annual report or our forward plans.

- Contact: Communications Officer on 01803 658510 or email communications.tsdft@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.tsdft@nhs.net
- Patient Services Support Officer on 01803 654842
- 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 are interested in joining our volunteers, we would welcome your enquiry. 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: tsdft.feedback@nhs.net

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 2016/17

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 2016/17 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 2016/17 Quality Report.
- The quality of the NHS services provided and the development of our care model.
- 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 (2017/18).

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 Report. 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.

Contents

Page

<u>Part 1</u>: Introduction and statement of quality from the chief executive

This report sets out how the Trust has delivered against our quality targets over the past year, and sets out our quality improvement priorities and plans for 2017/18.

In Torbay and South Devon, we have a proud history of leading on integration of health and social care to provide better outcomes for our population and a better user experience for the individual. In the current challenging financial environment, we must deliver this in a way that is affordable and cost effective. This document sets out how we are focused on delivering this strategy by keeping an unwavering focus on the quality of our care.

Over the past year we have made significant progress in delivering our new model of care, working with individuals to understand what matters to them and helping them to live independent and healthy lives in their local communities for as long as possible. We have made significant investment in additional and enhanced community services, extending the availability of our care outside hospital, and also made significant improvements to our urgent and emergency care services to make this a reality. You can read in the pages of this Quality Account some real-life stories of how we are making a difference through initiatives such as our new wellbeing co-ordinators, more integrated working with GPs and pharmacists and making best use of technology, for example using video-conferencing to provide remote clinical diagnosis and support.

As more people are supported at home and in their local communities, through our new health and wellbeing centres, we need fewer hospital beds, both in our community hospitals and at Torbay Hospital. We worked with our local Clinical Commissioning Group to carry out a large scale public consultation on our new care model which has delivered important decisions about the reconfiguration of our bed based care, minor injuries provision, new health and wellbeing hubs and local teams. We are now working with local communities to fully implement these changes and have made good progress. We are continuing to monitor the impact of these changes on the quality of our care.

Of course, sometimes people still need the intensive medical or surgical support of Torbay Hospital, and here too we have made real investments in quality. This year we had a particular focus on improving people's experience of our emergency services and have seen a sustained increase in our performance against key targets such as the number of people triaged within 15 minutes and seen by a doctor within an hour. Our work on the treatment pathway for stroke patients has also been very successful, resulting in our highest ever performance against 10 key indicators. We have also invested in our physical environment and this year opened a new state-of-the art intensive care unit.

A commitment to research and development is also a strong indicator of quality commitment. You will read in this document the range – both breadth and depth – of studies and data analysis that we are involved in.

For our service users, the way we deliver care is really important, and I am privileged to lead a Trust whose skilled and committed staff have a reputation for being caring and compassionate. It is important that our staff feel valued and supported to do their work

well and with compassion. Each year the NHS carries out a national survey of staff, and this year I am pleased that we have maintained or improved our position since last year in 30 out of 32 ratings, and performed better than or as well as the national average in 27 out of 32 indicators. This sits against a context of considerable change for staff across the Trust, and a challenging financial environment for the NHS, making this improvement even more notable.

We will continue to support our staff to deliver excellent services and to learn new skills so we can be at the forefront of delivering new treatments, technology and ways of working to improve both quality and cost effective care. We are working in partnership, within the Devon Sustainability and Transformation Plan, with all NHS and Local Authority bodies in Devon as well as our GPs and voluntary sector partners to make sure our services are resilient and cost-effective now and into the future. Quality is a key consideration as we consider what 'best care' for Devon is, and how we deliver affordable services within the funding we receive.

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

Mairead McAlinden, Chief Executive.

Part 2: Priorities for improvement

Looking back: 2016/17

In our 2015/16 Quality Account we reported that we would focus on five priority areas for quality improvement in the period 2016/17. These were all locally agreed priorities developed in conjunction with key stakeholders including Healthwatch, Trust governors, commissioners and local councillors as well as our front line health and care teams.

Patient safety

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

In 2016/17 our objectives were:

- To review the information we currently provide to people who use our health and care services, and to make it more easily accessible. We agreed we would undertake this review in the first quarter of the year and identify any remedial action via the Learning from Complaints Group. We also said we would strengthen the governance and reporting framework following a complaint, with particular regard to learning from the findings.

- To roll out the complaint investigation documentation devised in the community across our integrated care organisation.

- 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.

- To re-evaluate the training requirements for those undertaking complaint investigations and complete a training needs analysis for staff and then put appropriate training in place.

The reason for this improvement work arose out of the publication of the Parliamentary and Health Service Ombudsman report 'Breaking down the barriers: older people and complaints about health care' published in 2015.

This report noted that older people were very often worried about telling health and social care providers when they have concerns about their care. This may be because they are worried that by complaining it may impact on their current and future care. Also, some older people may require help to make their complaint and may not know how to go about making a complaint or raise a concern.

At the beginning of the complaints project we began by reviewing the information available to our patients, families and carers both on paper and electronically. We reviewed and updated the content whilst bringing together our two Trust feedback and engagement teams into one service function serving the new integrated care organisation.

We now have two main contact numbers for the public and we aim, wherever possible, to ensure that initial and subsequent contacts about a complaint or concern are undertaken by the same staff member.

The new contact numbers are:

Freephone:
0800 0282037

Text Phone:
01803 654742

We have also designed a new information leaflet for all services and have information about 'how to complain' displayed on all wards across the Trust.

As part of the project we also worked on our objective of improving learning from complaints. As a result of the work undertaken, we now have more forums to share findings from complaints and concerns. Examples include the senior sisters and matrons meetings, the Quality Improvement Group and the end of life care group. The latter group is also developing their own patient experience dashboard which will include a review of themes and actions arising from any contacts regarding end of life care or bereavement.

As well as increasing the number of groups to share learning, the Trust Learning from Complaints Group continues to meet monthly. Health and care professionals from the various services areas also attend alongside the engagement and feedback team to discuss specific issues of concern. This may include the complaints process as well as the complaints and concerns raised.

One of the most recent small but significant improvements has been including the contact details for the feedback and engagement team at the end of complaint response letters. Until recently there were potentially several points of contact, leading to confusion and to a poor experience.

To increase knowledge and awareness of investigating complaints, we have rolled the five step investigation pack to all front line teams. The aim of this pack is to ensure all health and care teams apply a clear and consistent way of undertaking investigations. Rolling out the pack has been a challenging process and we have learned that there are some aspects of the pack which could be further revised and shortened. We are actively working with the different service areas to improve the pack.

We have also improved hands on staff complaints training, particularly focusing on staff caring for older patients. During the past year, we worked with Healthwatch Torbay and devised an improvement project involving a senior sister, staff and patients from a care of the elderly ward. We adapted a short internal training programme called 'Take a quarter' and taught it on the ward. The focus of the session was concentrating on concerns and worries, as well as complaints and handling them as they arose.

Although it was a small project, the feedback was positive. One nurse reported that she has "used what she had learned to address a situation and was able to deal with the issue without a formal complaint being placed". We are now working on how we can provide further targeted ward and community based teaching sessions.
Finally, as part of the project, we asked Healthwatch to observe the way we communicated with patients, their families and carers as well as undertake a post discharge survey. This work is due for publication shortly and we will use the findings to improve the way we work.

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.

Over the last ten years, the NHS has developed early warning trigger tools which enable service areas to highlight where services are becoming pressured in terms of the quality of care, allowing service managers and teams to intervene early to ensure that the quality of patient care is not compromised.

Within Torbay and South Devon, we have had two complementary early warning trigger tools used by community teams and ward staff. Over the last twelve months we have been working systematically with all our health and care teams to develop one integrated early warning trigger tool used across our integrated care organisation. This tool is known as the Quality and Effectiveness Safety Trigger Tool (QuESTT)
In order to complete the work:

- In quarter one we worked with surgical services to develop specific service sensitive questions in collaboration with ward matrons, piloting them on surgical wards.

- In quarter two and quarter three we worked within medical services and women's, children's, therapies and diagnostics to further develop the tool and develop specific sensitive questions in each of their service areas.

- In quarter four we completed the work.

As a result of developing one tool for the Trust, we now have a Trust wide colour coded dashboard which senior managers and leaders can see at a glance and shows them where services are particularly pressured.

Quality Safety and Effectiveness Trigger Tool (QuESTT)

Service Rating	Level 0	Level 1	Level 2	Level 3
C. Hospital & MIU	<12	12-16	17-25	>25
Other	<16	16-24	25-35	>35

Service Type	Team	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016
% Complete		52%	57%	74%	82%	83%	94%	97%	94%
Total Purple (L3)		0	0	0	0	0	0	0	0
Total Red (L2)		0	2	0	0	0	0	0	0
Total Amber (L1)		13	6	10	13	14	8	12	7
Total Green (L0)		36	46	60	65	65	81	80	82
Average Score		10.5	9.3	9.1	9.1	8.9	8.7	8.7	8.6
	Ainslie		11	13	10	8	12	18	14
	Allerton	14	8	14	17	9	12	11	12
	AMU				16	12	11	4	3

Snapshot of dashboard

Where services are rated amber or above health and care managers use a clear set of guidelines to manage and mitigate any risks so that the quality of care is not compromised. An example of managing and mitigating risks is when an acute ward team had a high score and the Deputy Director of Nursing was able to implement a supportive process that led to a positive outcome for the team. The community physiotherapy service had a red rating and a decision was made to redeploy staff from the acute service to the community service. This enabled the team to return to amber.

As well as the health and care teams using the dashboard, a written report is generated monthly for the Trust's Quality Improvement Group to review. This ensures that any issues can be escalated if particular service areas are suffering high levels of sustained pressure. Also the ward section of the dashboard is shared with the Trust Board monthly, as part of the quality and safety report. Over ninety teams now use the electronic QuESTT tool as part of their monthly routines and the tool is firmly embedded into Trust processes. During 2016, 6 teams have been rated red which prompts immediate intervention form the Deputy Director of nursing and senior management team. In each case actions have been taken to ensure the rating returns to amber the following month. Over the year the orthopaedic theatre team have been rated amber and work to address vacancies and theatre efficiency are delivering results.

In 2017/18 our plans are to continue to review with care teams any further changes they require as a result of any planned or new service changes. This ensures the QuESST tool is responsive, ensuring any risk to the quality of care and patient safety are appropriately captured and acted on.

Clinical effectiveness

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

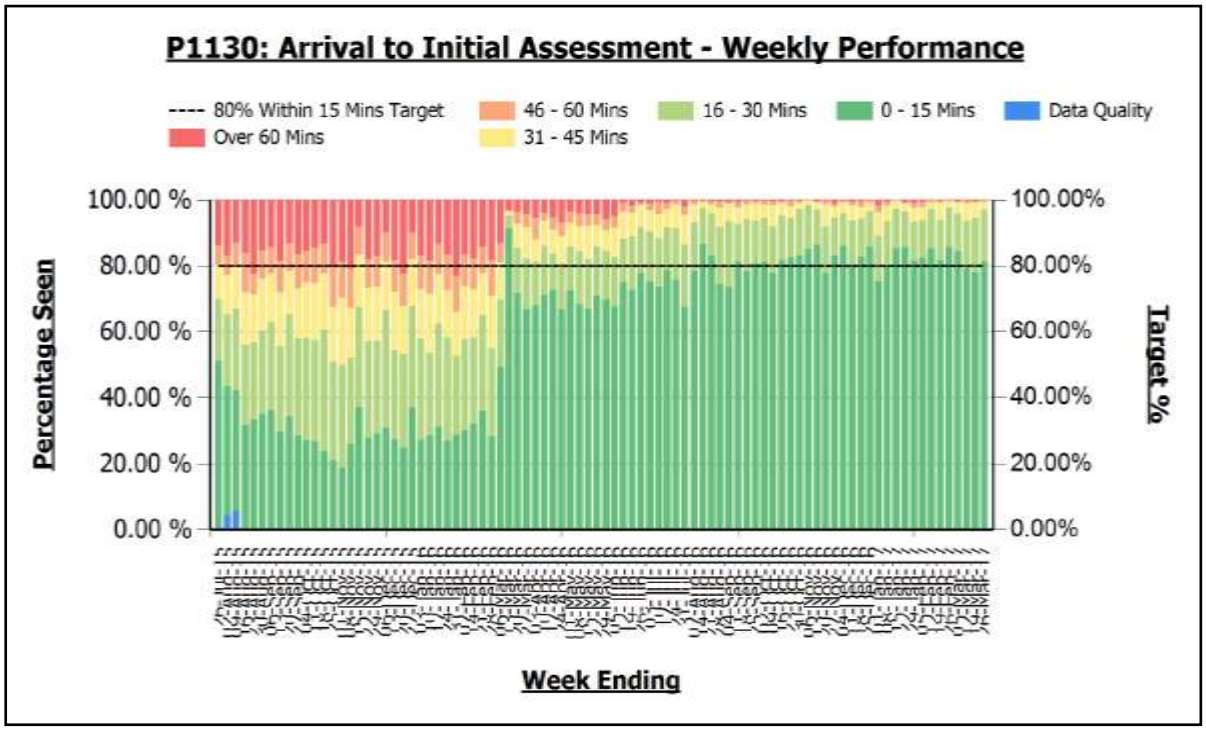
- **Time to triage, initial assessment and vital signs for all appropriate patients (15 minute standard)**
- **Time to initial medical review (60 minute median standard)**
- **Compliance with sepsis bundle**

For several years this Trust has not met the four hour wait A&E standard, and following our CQC inspection in February 2016 the Trust was rated as 'inadequate' for our urgent and emergency care service. There has been significant work to identify the causal factors and to systematically address these through a Director-led system-wide improvement programme and significant investment in additional staffing within the Emergency Department and some other key areas.

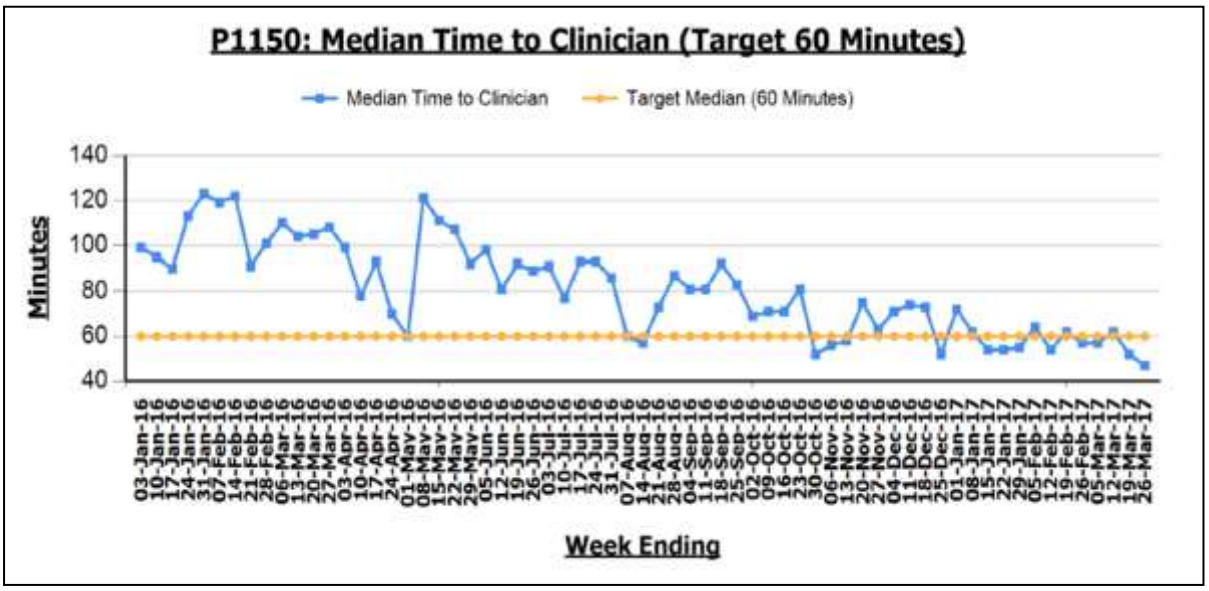
The issues affecting the patient experience and safety in ED have been a particular focus within the wider improvement programme and since the CQC inspection the ED team, led by the ED matron and the ED clinical director, have been systematically working to improve the timeliness of assessments and, as a result, to help reduce waiting times and improve patient experience.

The team have delivered improvements in the nurse triage process and area for patients. The triage area has been designed to enable patient privacy whilst ensuring a rapid initial assessment. The nurse triage capacity has been increased with additional staffing and typically will take a set of vital signs as well as ask a small number of clinically appropriate questions to ensure the patient is seen quickly by the right team.

Since implementing these quality-driven changes, there has been a significant improvement in the timeliness and quality of the triage process in ED, and the target of 80% of patients being seen within 15 minutes of arrival is now being consistently met. It is notable that even during the winter when our ED can be very busy, we have maintained this standard. This means that risks to patient safety are managed when this service experiences surges in demand, addressing a key concern raised at the time of the CQC inspection.



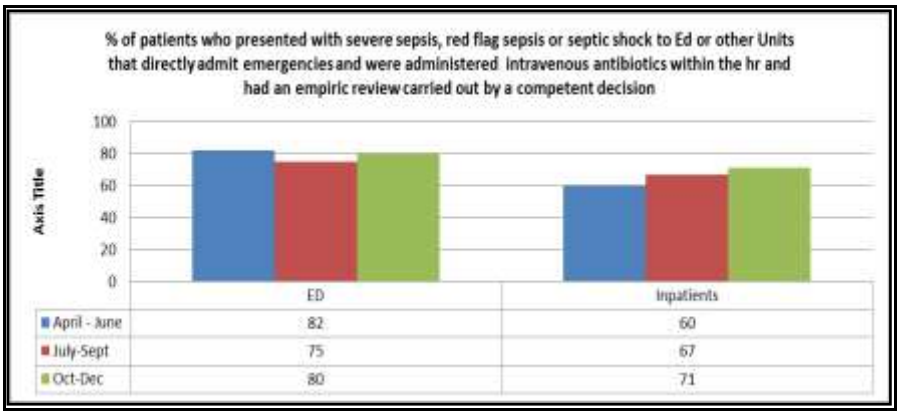
For all patients that need to be seen by a doctor the Trust has adopted the best practice standard of sixty minutes (median time to clinician seen). The Improvement Team have adopted and embedded new ways of working and the Department is now more consistently achieving this standard.



The Trust has invested in additional Consultant staff and revised the rostering of these senior clinicians which has allowed the Team to establish a rapid assessment area in the emergency department which is used 24/7. This ensures patients coming in via ambulance or triaged patients who need to be assessed rapidly are quickly seen by an ED doctor and subsequently treated by the team.

The ED Team have also continued to work on other time-critical assessments and treatments including severe sepsis. Sepsis is a time-critical condition that can lead to organ damage, septic shock and eventually death. It is caused by the body's immune response to a bacterial or fungal infection.

As a Trust we undertake weekly case note audits within ED and quarterly audits of a random sample of patients who have presented with severe sepsis or septic shock. We check whether they were treated with antibiotics within the hour, which is the national standard, as well as check whether they have had a timely antibiotic review.



These two audits in ED provide assurance that over 80% of patients are being seen and treated within the one hour standard. In 2017/18 there is a commitment to improve this, aiming for 90% of patients treated within ED within the 'golden hour'. Improvement work is underway on the sepsis screening and treatment rate for inpatients, which is being measured for the first time nationally this year,

Sepsis will continue to be a Trust priority and reported to Quality Improvement Group on a regular basis and led by the Director of Patient Safety, supported by our Patient Safety Lead.

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.

All NHS organisations with stroke services are required to participate in a national stroke audit called the Sentinel Stroke National Audit Programme (SSNAP). SSNAP measures performance against a series of targets seen as key indicators of the quality of care patients receive throughout their whole pathway up to six months post admission.

In response to the deterioration in our performance in the first quarter of 2016 we committed as part of the Quality Account to map the stroke pathway for people presenting with a stroke or suspected stroke particularly focusing on the quality of the hyper-acute and acute pathway resulting in patients not getting to George Earl in a timely manner.

An improvement event was held in April 2016 with members of the stroke team to map these elements of the patient pathway. This event, facilitated by the quality improvement team, identified some key areas for improvement, areas where the process did not support the desired outcome and highlighted the vulnerability and variability of this aspect of the stroke pathway across the 24 hour period. It also identified that the stroke pathway was most reliable and resilient when stroke co-ordinators, who are specialist nurses, were present to direct the pathway.

In addition work was undertaken to understand other reasons for the deterioration in stroke performance. A stroke improvement plan was drawn up to address the issues identified. The SSNAP DIY tool was used on a regular basis to self-evaluate progress against the SSNAP targets and the number of team meetings to monitor and discuss

concerns and actions was increased and attended by a multidisciplinary team of staff nurses, therapists, managers and clinicians.

Some improvements were seen during April to July and a further event was held in September attended by key stakeholders including staff that worked across the whole pathway, commissioners and former users of stroke services locally. This event sought to describe how the service could improve and what a fully integrated stroke service could look like.

Shortly after this event a team of clinicians and managers also visited Yeovil Hospital, a similar sized, local Trust to learn how they both improved and maintained their performance which was consistently good.

This visit reinforced the requirement for accurate and repeated self-evaluation and monitoring and also that domain 2, which measures access to and time spent on a stroke unit, was dependent upon everyone working together to ensure that people getting to the stroke unit in a timely manner was seen as an organisational priority.

The Patient Flow Board was used as a means of gaining cross-hospital support and engagement for ensuring patients reached the stroke unit as a matter of priority and from November the stroke co-ordinator nurses were based in ED to support the pathway and education of the ED team.

Results published in February 2017 showed a significant improvement across 8 of the 10 domains in SSNAP for the acute setting resulting in an overall SSNAP level of B; the highest ever achieved in Torbay hospital.

SSNAP Scoring Summary:	Team type	Routinely admitting team	Routinely admitting team	Routinely admitting team	Routinely admitting team
	SCN	South West SCN	South West SCN	South West SCN	South West SCN
	Trust	Torbay and South Devon NHS Foundation Trust	Torbay and South Devon NHS Foundation Trust	Torbay and South Devon NHS Foundation Trust	Torbay and South Devon NHS Foundation Trust
	Team	Torbay Hospital	Torbay Hospital	Torbay Hospital	Torbay Hospital
	Reporting period	Oct-Dec 2015	Jan-Mar 2016	Apr-Jul 2016	Aug-Nov 2016
	SSNAP level	C	D	D	B
	SSNAP score	68	49.6	58	78
	Case ascertainment band	A	B	A	A
	Audit compliance band	A	B	A	B
	Combined Total Key Indicator level	C	D	D	B
	Combined Total Key Indicator score	68	55	58	78
Number of records completed:	Team-centred post-72h all teams cohort	149	131	210	228

Performance for the Trust's stroke rehabilitation ward (Teign Ward at Newton Abbot Hospital) has also improved to an overall A; a significant improvement on the previous three reporting periods.

SSNAP Scoring Summary:	Team type	Non-acute inpatient team	Non-acute inpatient team	Non-acute inpatient team	Non-acute inpatient team
	SCN	South West SCN	South West SCN	South West SCN	South West SCN
	Trust	Torbay and South Devon NHS Foundation Trust	Torbay and South Devon NHS Foundation Trust	Torbay and South Devon NHS Foundation Trust	Torbay and South Devon NHS Foundation Trust
	Team	Newton Abbot Hospital	Newton Abbot Hospital	Newton Abbot Hospital	Newton Abbot Hospital
	Reporting period	Oct-Dec 2015	Jan-Mar 2016	Apr-Jul 2016	Aug-Nov 2016
	SSNAP level	D	C	B	A
	SSNAP score	78.7	82.4	73.4	83.3
	Case ascertainment band	A	C	E	A
	Audit compliance band	D	D	D	D
	Combined Total Key Indicator level	A	A	A	A
	Combined Total Key Indicator score	92.6	86.4	91	98.6
Number of records completed:	Team-centred post-72h all teams cohort	47	38	58	74

A second objective - to fully scope and plan the steps required to create a single fully integrated stroke service - commenced at the same time as the SSNAP improvement work.

Work has been undertaken and plans developed to create a single therapy workforce under one clinical team leader. This includes occupational therapists, speech and language therapists and physiotherapists. It was hoped that this plan would come into operation in the early part of 2017. Following discussion with the chief operating officer and chief nurse there was a decision to “pause” the formalising of arrangements so plans could be put in place to also bring nurses into a single nursing and therapy structure for stroke.

Although the new structure has been paused, there has been an increased level of joint working at senior management level with regular meetings and discussions between the clinical lead, consultant therapist and system manager.

Therapy teams have been working more closely together; the occupational therapy lead moved from the stroke rehabilitation ward to the acute stroke ward to provide leadership in addition to hands-on clinical input for patients. The consultant therapist for stroke is now interim manager for both the community teams and occupational therapists on the acute stoke ward at Torbay.

In 2017/18 the aim is to build on the work undertaken in 2016/17 maintaining the 2017 standards achieved to date, and continuing to build a single fully integrated stroke pathway.

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 to fill in any 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 there was a plan to test out this approach across three areas:

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

The improvement journey started first by testing the use of the teach back method with two of our teams that deal with patients and our local population on a daily basis, namely our bereavement and engagement and feedback teams.

Most of their work is undertaken over the telephone, so we asked each member of the team to listen to the telephone conversation of a colleague and to provide comments on the interaction with the member of the public. Although the teach back method had not been designed specifically for telephone interactions, it was still found to be a helpful tool and the team were able to use elements of the tool such as assessing whether a member of the team had used a caring tone, asked open ended questions and used plain language.

Ten elements of competence to use teach back effectively
1. Use a caring tone of voice and attitude. 2. Display comfortable body language and make eye contact. 3. Use plain language. 4. Ask the patient to explain back, using their own words. 5. Use non-shaming, open-ended questions. 6. Avoid asking questions that can be answered with a simple yes or no. 7. Emphasize that the responsibility to explain clearly is on you, the provider. 8. If the patient is not able to teach back correctly, explain again and re-check. 9. Use reader-friendly print materials to support learning. 10. Document use of and patient response to teach-back.

The team have agreed to continue to use aspects of the tool when training new members of the team and to periodically check each other's communication with the public.

With regards to the other two objectives, there has been no progress in 2016/17. The resource required for the projects was underestimated and the project lead left the organisation which compounded the problem.

We are committed to using teach back as a method to improve communication and to this end in 2017/18 we will revisit the tool for use within the on-going discharge improvement work and transfers of care priorities. These objectives will be integrated into the work plan of the experience and engagement team over the coming year.

Continuous quality improvement in 2016/17

Over the last 12 months, as a new integrated care organisation, we have been working together to deliver our vision of:

"*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."*

We now have new and improved services in the community including health and wellbeing teams and enhanced intermediate care. We also have been working with our partners, such as the Clinical Commissioning Group to provide an improved NHS 111 service, and the Torbay Community Development Trust who work directly with local people and the voluntary sector.

Below are several examples of how we are working differently.

Delivering enhanced intermediate care services

Our enhanced intermediate care services support people to recover more quickly following a period of ill-health and, wherever possible, to remain in their own home or local community. The aim of these services is either to prevent the need for a hospital admission, or to help people to return home in a more timely way, following an inpatient stay.

Our intermediate care teams include nursing, physiotherapy, occupational therapy and social care staff, who can assess and support a wide range of complex needs outside of hospital, for up to six weeks. Additionally, we can provide a reablement service, for up to six weeks, supporting individuals to regain their independence and reduce reliance on long term care.

We can provide intermediate care and reablement in a person's own home or in a care home placement. It is highly co-ordinated with the teams working in a multi-disciplinary way. This means all professionals work together to assess need, plan care and make decisions, focusing on rehabilitation and actively supporting recovery. We are also able to offer personal care and night sitting through our rapid response service for up to 7 days, which works alongside our intermediate care and reablement teams.

Within the last year we have also enhanced these services so we are able to offer:

- Support seven days a week.
- A dedicated pharmacist working in each locality to assist with prescribing and medicines review.
- Daily GP input into the intermediate care multidisciplinary team.

Our teams also work closely with other community services, GPs, Torbay hospital and the ambulance service to ensure that patients receive the highest quality of care.

Case study: delivering enhanced intermediate care

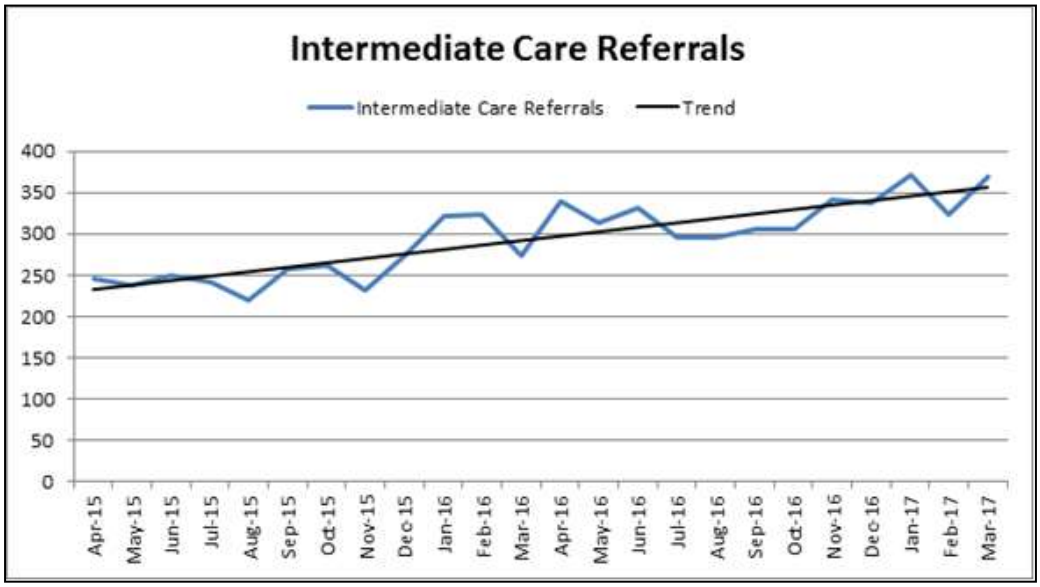
Ivor is an 89 year old gentleman who lives with his 86 year old wife, Jean. Ivor is housebound with very limited mobility, and has a history of falls at home. Ivor has parkinsons disease, cellulitis, osteoporosis and several other long-term conditions. He has also previously had cancer.

When Ivor fell recently at home, an ambulance was called. Rather than take Ivor straight to hospital, the ambulance crew treated Ivor's injury and referred him to the local intermediate care team, who came to see Ivor at home that day.

Ivor was seen by a team of staff who assessed his needs. His medication was reviewed by a pharmacist and the team liaised with his GP. He was prescribed with antibiotics and medication for his cellulitis. The team also liaised with Torbay hospital staff to arrange an outpatient appointment for his Parkinson disease.

Instead of having to be admitted to Torbay hospital, Ivor was able to remain at home, close to his family. The medication and support he received for his Parkinson's should help to reduce his risk of further falls.

From October 2016 to April 2017 there has been 2,068 referrals to intermediate care service compared to 1,884 in the previous six months. The graph below shows the increased use of intermediate care compared to the same period the year before. Referrals will continue to increase as we fully develop the service.



Developing integrated health and wellbeing teams

Health and wellbeing teams are made up of a number of organisations and agencies, working together to provide care and support services which meet a wide range of health and wellbeing needs of local people. This includes the NHS, other public sector organisations as well as the independent and voluntary sector. The development of these teams in each of our five localities across Torbay and South Devon is helping to bring together a range of services with the health and wellbeing teams working in a more integrated and co-ordinated way.

The pace of development is different in each locality, depending on how established local relationships were initially.

All the health and wellbeing teams are working to deliver improved health and wellbeing outcomes for their local community including:

- Supporting the development of community resources and working in partnership with the voluntary sector with the aim of reducing social isolation and connecting local people to groups and activities which support their wellbeing and help them to live more fulfilled lives.

- Focusing on prevention, self-care and wellbeing

- Integrating our existing health and social care teams so that care is better co-ordinated with a multi-disciplinary team approach; and ensuring that primary care and independent providers have greater input into care planning.

- Enhancing our community services with increased medical and pharmacy support, so that people with complex needs can be supported at home or in their local community, rather than having to go into hospital.

Case study: Improving health and wellbeing

Joyce is a 79 year old lady whose husband has dementia and lives in a specialist care home. Joyce has myalgic encephalitis and chronic obstructive pulmonary disease (COPD) which limits her mobility. She often feels lonely and despondent, as she is too unwell to visit family members or do many of the activities she enjoys, and her husband is so far away.

Joyce's GP identified her as someone who would benefit from input from the health and wellbeing team. Through an open conversation with a support worker, Joyce was able to identify what really matters to her in living well, and to pinpoint some goals that were important to her. Joyce was linked into a befriending scheme and transport service offered by a local voluntary group. As a result of their support, Joyce was able have days out, monthly shopping trips and to visit her husband 65 miles away.

Joyce was also referred to the rapid response service, which can provide her with personal care when she is suffering an acute episode of COPD. She has also been able to join a local peer support group, which has encouraged her to try Tai Chi. The Trust's integrated personal commissioning scheme has funded six sessions for her.

Improving communication and access to specialist input

One of the key elements in improving patient experience is to make it easier for people to access the services they need. In South Devon, there is already a single point of contact for health and care service. In Torbay this has not been the case until recently.

In August 2016, a single telephony point of contact for Torbay was launched and is now fully operational. The single number provides the public living in Torquay, Paignton and Brixham with consistent and timely access to community health and social care services. The people providing the telephone service are able to give information, advice and signposting to all community services in and around Torbay as well as deal with individual health and care issues.

We are also working to improve access to specialist advice and input outside of the hospital, and have been testing the use of video-conferencing technology to enable community teams, care homes, GPs, and specialists at Torbay hospital to communicate more easily and in real-time; both during and outside of patient consultations.

The technology has been successfully tested in several care homes, enabling care home teams to access specialist medical support via a video link when residents become unwell. This provides rapid advice and reassurance to both patient and care home staff, and can prevent people being brought into hospital unnecessarily. This pilot has now been extended to some GP practices and community teams, with an ambition to use the technology in other clinical settings

Case study: Using technology to improve care

'I was asked to review a patient attending the Lower Limb Therapy Clinic, whose wound had deteriorated since the previous appointment. Normally the clinic nurse would have taken a photo and sent an email referral through to the tissue viability team requesting review. This would have been answered when a specialist nurse was available and email advice would have been given or a joint visit arranged for the next appointment, dependent on the availability of the tissue viability nurse. Either way, the patient would have to return to a further appointment before receiving specialist nurse advice.

By using the new video-conferencing technology, I was able to review the wound instantly. I was also able to talk to the patient and Clinic staff and gain a more comprehensive understanding of the history of deterioration. I was also able to get the staff to move the camera so that I could see the wound from all angles.

Using this technology meant that I was able to give real-time advice for onward referral, and also advise on an appropriate dressing regime that could be initiated without delay. Not only does this reduce the risk of further deterioration of the wound but also ensures that the patient receives timely interventions and has the reassurance of being able to see and hear the advice for themselves; thereby giving a greater sense of involvement in their care.

Building voluntary sector partnerships

The Trust has been working closely with Torbay Council, Torbay Community Development and the Wellbeing Partnership in South Devon to find out about the voluntary and community groups, activities and services that are available for the local population.

Torbay Community Development Trust and the South Devon Wellbeing Partnerships are part of the voluntary sector and work closely with their local communities and the Trust to both develop new services and activities and improve access to existing services and activities which can improve health and wellbeing. This may be as diverse as joining a choir or to attend cooking classes. The voluntary sector and local communities are critical in supporting people to improve their wellbeing and to feel less isolated and more involved in their local area.

In the last 12 months the Trust has invested in a wellbeing coordination service. The wellbeing co-ordinators are employed by the voluntary sector to support individuals in accessing non-statutory groups, activities and services in their local community.

The coordinators meet with individuals to discuss what the person's aspirations are, their strengths and capabilities; helping them to identify what matters most to them and connecting them with things which will help them to live better.

This could include things such as a peer support group for people with a long term condition, a knit and natter club, a singing group, access to voluntary transport services or a walking football group. The aim is to help people to connect with those around them,

build local support networks and improve their sense of wellbeing, helping them to get more out of life and potentially improve their physical health as well.

In the first three months of setting up the service there have been 351 referrals to the service and 205 people have started a wellbeing programme. By the end of seven months 757 referrals have been made to the service.

Early outcomes for those who have already completed a programme show a 24% increase in wellbeing, a 40% increase in social connectedness as well as improvement in activation (a person's knowledge, skills and confidence to manage their own health and wellbeing).

Case study: Setting up a peer support group

A group of people who were being supported by the wellbeing co-ordinators in Totnes were invited to come together to help us learn more about patient experience of this service. These individuals were not known to each other; however over tea and cake they started to share their own stories and recognised that they shared many things in common.

An initial group of eight individuals requested support in setting up a peer-support group, with an offer to widen the group to others with similar challenges. Expert speakers would be invited to talk with the group,around issues that mattered to them. The majority of these issues were around pain, fatigue and mobility management. In addition many of the group expressed a concern that they were socially isolated and that by developing friendships with others who were experiencing similar challenges, they would feel less isolated and alone with their experiences. Talking to other people in a similar situation also facilitated peer support and sharing of solutions to support their self-care.

Totnes Caring agreed to facilitate an initial eight weekly sessions lasting approximately 2 hours in the gym at Totnes Hospital. After this initial eight weeks, the group felt that they had formed a sustainable group that would continue to meet, support and be managed by the group members themselves.

The group members have expressed a positive sense of involvement, enjoyment, empowerment and support from the group.

National improvement initiatives

Currently the Trust is involved in two national improvement initiatives namely:

- Improving patient safety through the sign up to safety campaign/
- Improving the quality of care through implementing the Duty of Candour regulations which came into force in spring 2015.

Sign up to safety

In 2016/17 our safety improvement worked focused on a number of key areas, namely acute kidney injury, sepsis, pressure ulcers, falls prevention and E – prescribing. The aim of the work was to enhancing our existing services in terms of patient safety and being more inclusive with our GPs and community services to build on our care model.

The following outlines the work to date:

Acute kidney injury

Acute kidney injury (AKI) is recognised as an underdiagnosed condition that may be associated with increased mortality, morbidity and length of hospital stay. It may be prevented in up to 30% of cases according to the national confidential enquiry into patient outcome and death (2009). Good care for patients with AKI is part of a national campaign, the 'Think kidneys' campaign.

AKI is characterised by a sudden decline in kidney function. It can occur without symptoms and is detected through a routine blood test. It has many different causes and usually occurs alongside other serious illnesses such as infection or dehydration and is common in patients in hospital. It can be caused by medications. Those at increased risk of acute kidney injury include the elderly and those with chronic illnesses.

In 2016/17 Torbay hospital has reviewed its systems for managing AKI with the support of an AKI working group including acute physicians, intensive care physicians, biochemists, pharmacists, critical care outreach nurses, junior doctors and the patient safety team. The biochemistry department has implemented a national algorithm that supports the easy identification of patients with AKI and can flag this on our electronic blood results system. Advice is then available on a linked protocol, which is also printed on all medication charts to ensure the link between AKI and medications is not missed. Pharmacists on the wards are highlighting patients with AKI and where their medications may be implicated or need adjustment. The critical care outreach nurses review all patients with the most severe stage of AKI to support good care. Communication with GPs about AKI and necessary on-going monitoring is achieved via the care planning summaries which has a guidance section specifically for AKI. Patient information leaflets are also available on the Trust Safebook.

The AKI work has been underpinned by a campaign of education and awareness for medical and nursing staff, both in formal teaching sessions, induction sessions and via ward visits. A training video and lanyard aide memoires are also available.

The next stage of AKI work both nationally and locally will be to identify those at risk of AKI. To achieve this, the Trust has been involved in a multi-centre national study to better identify those at risk of AKI. The results of this study are expected within the next 6 months. To further augment and improve patient safety a new renal physician has been appointed and he will be supporting the on-going AKI work.

Sepsis

Sepsis is a rare but serious reaction to an infection. If you get an infection, your body's immune system responds by trying to fight it. Sepsis is when this immune system response becomes overactive and starts to cause damage to the body itself.

It can be hard to tell if you have sepsis. You might not even have a fever or high temperature; you may just feel very unwell. Sepsis needs to be treated urgently because it can quickly get worse and lead to septic shock.

The trust has continued its focus on sepsis with the screening tool being incorporated into the emergency department electronic assessment system. All patients are now screened on admission and those that trigger have a sepsis review and appropriate treatment of intravenous antibiotics, intravenous fluid and oxygen within 1 hour. This on-going work now also includes the new updated NICE guidance, released in the summer of 2016.

E-prescribing

With the advancement of technology in healthcare particularly within the medicines field, the trust is moving to an e-prescribing and medicines administration system. This exciting progression will revolutionize the way prescriptions and medications are generated, recorded and administered, which will offer real safety benefits to our patients.

The E-prescribing system has been purchased and is being introduced via a project group. The system was tested in March 2017 on Templar ward at Newton Abbott hospital. It is now being evaluated and changes made as a result of the feedback. The aim is to have the system fully implemented by 2018.

Pressure ulcers

The reduction of avoidable pressure ulcers remains a Trust priority for the patients and service users in our care. To support this work the newly Integrated Tissue Viability Service has introduced the collaborative pressure ulcer prevention programme of work across all the acute settings. This mirror's the collaborative pressure ulcer prevention agenda that had already been introduced across the community settings.

The Trust target for pressure ulcer prevention via this initiative, between April 2016 and March 2017, was a 50% reduction in avoidable grade three and four pressure damage. This has been achieved, which in real terms, means that nine patients have not developed significant pressure damage which was deemed avoidable.

There have been no avoidable Grade 3 or 4 pressure ulcers within the community hospitals, which is the same as last year's performance

The collaborative has achieved an overall reduction this by standardising documentation across the organisation and introducing the daily completion of the SSKIN (see below) template for in-patients.

This template identifies five elements to be reviewed and actioned for each patient as often as is indicated and follows the format, as below.

- S- Skin integrity- All ‘at risk’ areas of a patient’s skin are checked to ensure blood supply remains constant with no evidence of tissue damage.
- S- Support Surfaces- Mattresses and cushions are checked to ensure they are set appropriately and are suitable for the patients’ needs.
- K- Keep moving- Patients are encouraged to reposition/walk as often as required.
- Incontinence- Patients are offered toilet breaks to reflect their needs and are monitored on a regular basis.
- N- Nutrition and Hydration- All patients have drinks readily available and dietary requirements are assessed on an individual basis.

The collaborative has also focused on education, via mandatory training and through the champion’s programmes: Each area of practice, across acute and community settings, has appointed a tissue viability champion who will be the link in the implementation of the pressure ulcer initiative and ensure all staff members are engaged, educated and involved in the process.

Falls

Across the Trust work continues to reduce falls and harm from falls through a collaborative approach between the various care pathways

The falls team have introduced the fallsafe audit. This audit, from the Royal College of Physicians, uses a care bundle approach i.e. combining a number of elements which when all completed contribute to a higher level of safe care.

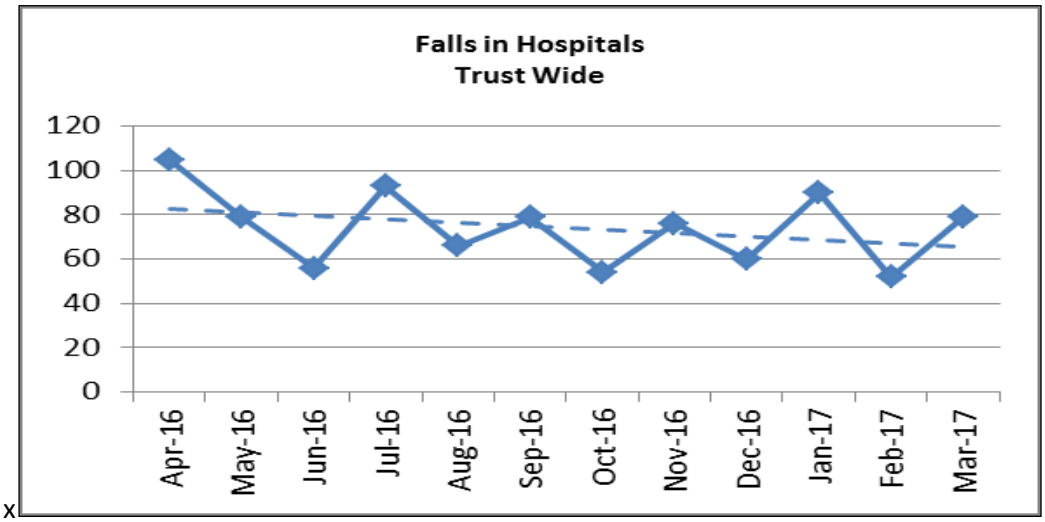
This has now been rolled out across both the acute and community hospital wards and the audit is helping to drive up assessments and keep awareness of falls prevention high on the staff’s agenda.

The falls steering group was re-launched at the end of 2016 and is a combination of falls, fractures and bone health special interest groups. This joined up approach is designed to drive through change in keys areas of falls prevention, maintain quality, and safety for patients who are at risk of falls. The group is also a great vehicle for the learning and dissemination of themes from incident review.

The trust has purchased and introduced 10 new ultra low beds which supplement the existing compliment of hi lo beds the has in both acute and community settings.

Other quality improvement work has included visual assessments for inpatients at risk of falls, pharmacy assessments regarding patients on sedation, the continued use of sensor mats, non-slip socks/anti embolic stockings and lying and standing blood pressure checks.

The work to date has resulted in a continued reduction in falls.

x 

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 it is reviewed as part of the CQC inspection regime.

As a Trust we have included a duty of candour prompt in our incident reporting procedures via the online incident reporting system. Our investigation documentation includes a duty of candour section and the form also includes any particular questions the patient or family have in relation to the incident.

We have also updated our internal guidance for staff to include a letter, to be sent to the patients and family once a discussion has taken place

Looking forward: 2017/18

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

In recognition of our continued working as 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 2017/18. (See annex 1)

These priorities have been signed off by our Board.

In brief the improvement projects are:

Patient safety

Priority 1: to develop and use a core multidisciplinary standardised risk assessment booklet and nursing care plan assessment booklet for all adult inpatients on any ward in the Trust.

When patients are admitted to a ward, the clinical team undertake a range of risk assessments to ensure a patient's needs are effectively met during their in -patient stay. This will include risks around falls, nutrition and pressure ulcers. Also nurses complete care plans during a patient's stay to support holistic care delivery and reflect needs identified from the risk assessments.

Currently these plans and risk assessments lack standardisation leading to information not being consistently recorded. Also as a patient moves through different ward settings, for example from an acute inpatient bed to a community rehabilitation bed, information can be duplicated unnecessarily. The risk assessment booklet and care plan will follow the patient and reduce such duplication.

In 2017/18 we will:

- Produce one standardised document for core risk assessments for use across adult inpatient beds, excluding intensive care and obstetric patients.
- Meet with Matrons to plan for a phased roll out and agree a launch date
- Roll out the new documentation and remove any old documentation.
- Audit the usage of the new tool including the quality of information included (accuracy, timeliness, completeness)
- Run a staff feedback survey and use the results to improve the new booklet.

The work will be led by the Deputy Director of Nursing (Nursing Professional Practice & Standards) working with the Health Records Committee as well as the clinical teams.

Board level support will be provided by the Chief Nurse. Progress against these objectives will be monitored through the Quality Improvement Group, reporting quarterly.

Clinical effectiveness

Priority 2: to redesign outpatients in order to make these services more patient centred and use resources effectively.

Outpatient specialist care in the Trust continues with a recognisably similar set up to when the NHS began in 1948. Whilst innovative practices have begun already in some specialties, for the majority a clinician typically consults with a small number of people in a clinic as a regular working commitment.

The appointment may or may not coincide with significant changes in health status and high 'did not attend' (DNA) rates are in part due to patients not attaching any value to the appointment.

With decreasing resources, it is important to redesign outpatient pathways to better support people to be healthier and reduce appointments where there is no clinical benefit.

In 2017/18 we will work with a minimum of ten specialist medical and surgical services to improve outpatient care including:

- Improving the way patients are referred to outpatients from primary care.
- Reducing unnecessary appointments.
- Offering appointments in different ways, for example group appointments, telephone or video phone appointments.
- Offer patient initiated appointments for those patients that will benefit from this service.
- Reducing the DNA rate.

As part of the work we will also introduce patient experience measures and work with patients themselves to improve outpatient care.

The work will be led by the Deputy Medical Director (Quality Improvement) working with the outpatients project general manager. Board level support will be provided by the Medical Director. Progress against these objectives will be monitored through the Quality Improvement Group, reporting quarterly.

Priority 3: Provide safe, proactive and timely discharge of patients with more patients discharged earlier in the day and reduced delayed transfers of care. and reduced length of stay.

There is considerable evidence that unnecessary delays in discharging older patients can lead to poorer health outcomes. For older people, in particular, longer hospital stays can also increase long term care needs. People quickly lose their mobility and ability to undertake everyday tasks such as washing and dressing.

A 2016 National Audit Office report 'Discharging older patients in hospital' has highlighted that just ten days of bed rest in a healthy older adult can led to a 14% reduction in leg and hip muscle strength and a 12% reduction in aerobic capacity; the equivalent of ten years of life.

Delayed discharge also has a serious impact across our community, reducing the ability of our emergency department to respond to people's needs quickly and providing an inpatient bed when most needed.

In 2017/18 our objectives are to:

- Increase the percentage of patients discharged by midday at Torbay hospital. As of March 2016 only 13% of patients due to be discharged are discharged by lunchtime.

- Reduce the number of delayed transfers of care.

- Monitor and reduce our length of stay across our health and care system.

The work will be led by the Deputy Medical Director (Quality Improvement) working with the health and care teams across the Trust. Board level support will be provided by the Chief Operating Officer. Progress against these objectives will be monitored through the monthly Patient Flow Board.

Priority 4: Provide reliable, accurate and timely information at the point of handover on all inpatient wards at Torbay hospital through the implementation of a new hand held electronic tool called Nervecentre.

During a patient's stay it is important that staff are able to have to hand and to be able to update easily key clinical patient information. Also when staff change shifts it is important that this information is shared and that it is accurate and up to date.

The Trust has invested in a new electronic system called Nervecentre. This system records clinical data which is accessible both on staff computers and secure mobile devices. Information can be updated at the bedside as well as shared at the nurse's station.

In 2016/17 we tested the system with two of our wards and are now ready to implement the system on all the remaining inpatients wards at Torbay hospital.

Our objectives for the year are to:

- Rollout Nervecentre for patient handover onto the remaining pilot ward in quarter 1

- Complete the rollout of Nervecentre onto the remaining acute wards in Torbay hospital by the end of quarter 3.

- Set up the reports required for the Trust to capture compliance with dementia, nutrition, VTE and waterlow assessments.

- Undertake a staff survey by the end of quarter 4 as a method to capture future improvement requirements.

The work will be led by Nervecentre project manager supported by the Nervecentre Project Board, chaired by the Medical Director.

Board level support will be provided by the Director of the Health Informatics Service. Progress against these objectives will be monitored through the Health Informatics Service Board.

Patient experience

Priority 5: Improve our patient experience measures so they more fully reflect our service users' experience of care in the integrated care organisation.

With the development of the integrated care organisation and a new model of care which provides more community facing services, such as wellbeing coordination and enhanced intermediate care, it is important that we measure patient experience at all point of contact with our care.

Also, as part of becoming an integrated care organisation we said we would work towards people having the opportunity to 'tell their story once'. To measure this we need to measure the experience of our patients, families and carers.
We also know that feedback to staff about patient experience contributes to increased job satisfaction and also we can use patient experience to improve services.

In 2017/18 our objectives are to:

- Undertake a gap analysis of all our services to understand where we measure patient experience and where we don't.
- Map out the types of patient experience measures we collect, the frequency and the value attributed to the measures for both staff and patients.
- Research and review available validated experience measures.
- Systematically adopt a range of patient experience measures across the Trust.

In quarter one and two we will map all established methods of gaining feedback from service users across the Trust and from this develop a gap analysis. We will also map out the types of measures collected and their effectiveness, in consultation with the clinical service delivery units and experience user groups.

During quarter two we will also research how other organisations providing integrated care measure experience systematically.

During quarter three we will select a minimum of two services areas to test experience measures which reflect the integrated care organisation.

In quarter four we will evaluate the test areas from quarter three and provide recommendations to the Trust for measuring experience systematically.

The work will be led by the Deputy Director of Nursing (Safety and Experience) working alongside the Deputy Medical Director (Quality Improvement). The matrons will lead on the testing of the experience measures with the health and care teams and the people using our services.

Board level support will be provided by the Chief Nurse and progress against the objectives will be monitored through the Quality Improvement Group on a quarterly basis.

Statements of assurance from the Board

Review of services

During 2016/17 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 2016/17 represents 86% of the total income generated from the provision of relevant health services by Torbay and South Devon NHS Foundation Trust for 2016/17.

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 2016/17, 38 national clinical audits and 3 national confidential enquiries covered relevant health services that Torbay and South Devon NHS Foundation Trust provides.

During that period Torbay and South Devon NHS Foundation Trust participated in 100% 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 2016/17 are as follows:

National audits	Eligibility	Participation
Acute coronary syndrome or Acute myocardial infarction	Yes	Yes
Adult Asthma	Yes	Yes
Adult cardiac surgery audit	No	N/A
Asthma (paediatric and adult) care in emergency departments	Yes	Yes
Bowel Cancer	Yes	Yes
Cardiac Rhythm Management	Yes	Yes
Adult critical care (Case Mix Programme)	Yes	Yes
Child Health Clinical Outcome Review Programme	Yes	Yes
Chronic kidney disease in primary care	No	N/A
National audits	**Eligibility**	**Participation**
Congenital heart disease (Paediatric cardiac surgery)	No	N/A
Coronary angioplasty/National Audit of Percutaneous Coronary Interventions (PCI)	Yes	Yes
Diabetes (Paediatric)	Yes	Yes

Elective surgery (National PROMs Programme)	Yes	Yes
Endocrine and Thyroid National Audit	Yes	Yes
Falls and Fragility Fractures Audit Programme, includes National Hip Fracture Database	Yes	Yes
Head and Neck Cancer Audit	Yes	Yes
Inflammatory Bowel Disease (IBD)	Yes	Yes
Learning Disability Mortality Review Programme (LeDeR Programme)	Yes	Yes
Major Trauma Audit	Yes	Yes
National Audit of Dementia	Yes	Yes
National Audit of Pulmonary Hypertension	No	N/A
National Cardiac Arrest Audit	Yes	Yes
National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	Yes	Yes
National Comparative Audit of Blood Transfusion	Yes	Yes
Diabetes (Adult) ND(A), includes National Diabetes Inpatient Audit	Yes	Inpatient – Yes Adult – No
National Emergency Laparotomy Audit	Yes	Yes
National Heart Failure Audit	Yes	Yes
National Joint Registry	Yes	Yes
National Lung Cancer Audit	Yes	Yes
National Neurosurgery Audit Programme	No	N/A
National Ophthalmology Audit	Yes	Yes
National Prostate Cancer Audit	Yes	Yes
National Vascular Registry, including CIA and elements of NVD	Yes	Yes
Neonatal intensive and special care	Yes	Yes
Nephrectomy audit	Yes	Yes
Oesophago-gastric cancer	Yes	Yes
Paediatric Intensive care (PICAnet)	No	N/A
Paediatric Pneumonia	Yes	Yes
Percutaneous Nephrolithotomy	Yes	Yes
Prescribing Observatory for Mental Health (POMH-UK) (Prescribing in mental health services)	No	N/A
Radical Prostatectomy Audit	Yes	Yes
Renal Replacement Therapy (Renal Registry)	No	N/A
Rheumatoid and early inflammatory arthritis	Yes	Yes
Sentinel Stroke National Audit Programme (SSNAP)	Yes	Yes
Severe Sepsis and Septic Shock – care in emergency departments	Yes	Yes
Stress Urinary Incontinence Audit	Yes	Yes
National audits	**Eligibility**	**Participation**
UK Cystic Fibrosis Registry	No	N/A

Patient outcome programme incorporating national confidential enquires	**Eligibility**	**Participation**
Child health programme	Yes	Yes
Maternal, Infant and Newborn Clinical Outcome Review Programme (MBRRACE)	Yes	Yes

Medical and Surgical programme: National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Yes	Yes
Mental Health programme: National Confidential Inquiry into Suicide and Homicide for people with Mental Illness (NCISH)	No	N/A

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 2016/17, 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	*Outstanding*	
Adult Asthma	22	110
Asthma (paediatric and adult) care in emergency departments	35	70
Bowel cancer	221	100
Cardiac Rhythm Management	227	100
Adult critical care (Case Mix Programme)	700	100
Coronary angioplasty/National Audit of Percutaneous Coronary Interventions (PCI)	447	100
Diabetes (Paediatric)	139	100
Endocrine and Thyroid National Audit	*Outstanding*	
Falls and Fragility Fractures Audit Programme, includes National Hip Fracture Database	466	100
Head and Neck Cancer Audit	*Outstanding*	
Inflammatory Bowel Disease (IBD)	*Outstanding*	
Major Trauma Audit Core Measures Head & Spinal Injuries	 411 104	 100 100
National Audit of Dementia	23	100
National Cardiac Arrest Audit	*Outstanding*	
National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	*Outstanding*	
National Comparative Audit of Blood Transfusion – Audit of Patient Blood Management in Scheduled Surgery Audit of red cells and platelet transfusion in adult haematology Lower gastro-intestinal bleeding and the use of blood	23 23	100 100
Diabetes (Adult) ND(A), includes National Diabetes Inpatient Audit :- Inpatient Foot care	 55 191	 100 100
National Emergency Laparotomy Audit	180	100
National Heart Failure Audit	520	100
National Joint Registry	711	100
National Lung Cancer Audit	213	100
National Ophthalmology Audit	*Outstanding*	
National Prostate Cancer Audit	277	100
National Vascular Registry, including CIA and elements of NVD	95	100
Neonatal intensive and special care	344	100
Nephrectomy audit	*Outstanding*	
Oesophago-gastric cancer	148	100
Paediatric Pneumonia	62	100
Percutaneous Nephrolithotomy	*Outstanding*	
Radical Prostatectomy Audit	*Outstanding*	
Rheumatoid and early inflammatory arthritis	*Outstanding*	
Sentinel Stroke National Audit Programme (SSNAP)	607	100
Severe Sepsis and Septic Shock – care in emergency departments	66	132
Stress Urinary Incontinence Audit	*Outstanding*	

Patient outcome programme incorporating national confidential enquires	Cases submitted	% cases
Child health programme	*Outstanding*	
Maternal, infant and newborn clinical outcome review programme (MBBRACE)	*Outstanding*	
Medical and Surgical programme: National Confidential Enquiry into Patient Outcome and Death (NCEPOD) Acute pancreatitis Treating as one, Mental Health Study	 2/5 1/5	 40 20

The reports of 33 national clinical audits were reviewed by the provider in 2016/17 and Torbay and South NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:-

Ref	Recommendations / actions
0022	**(BASHH) SAS National Audit of the management of young people in UK Sexual Health Clinics - Re-audit of the management of under 16s (13-15 years old) attending Sexual Health Services**
	• Undertake another audit of sexually transmissible infections screening uptake in young people attending Torbay Sexual Medicine Services.
0041	**(BTS) Paediatric Asthma**
	• Work towards integrated care pathway for paediatric asthma, working jointly with emergency department medical team. • Share audit report with paediatric and emergency department medical and nursing teams. • Devise information leaflet for children less than two years old admitted with viral induced wheeze. • Devise Discharge checklist for nurses to improve documentation and capture data.
0143	**(CEM) Procedural Sedation in Adults**
	• Introduction of sedation record to Symphony. • Education of staff (Sedation Training Day). • Review of training and education of staff. • Introduction of new sedation documentation. • Undertake an additional local audit after above actions implemented.
61	**(CEM) Vital signs in majors**
	• Discuss with senior nursing staff and suggest further education. • Undertake an additional local audit after above action implemented.
0142	**(CEM) Venous Thromboembolism (VTE) in patients with lower limb immobilisation**
	• Education for Medical and Nursing staff. • Introduce Royal College of Emergency Medicine VTE recommendations. • Prompt added to Symphony for risk assessment and documentation. • Undertake an additional local audit after above actions implemented.
0121	**National Audit of Inpatient Falls Audit Report 2015**
	• Identify Executive and Non-Executive Director Leads for leadership and support on falls. • Re-format Falls Steering Group to include all inpatient areas, with new terms of reference and falls dashboard. • Hi-lo beds - decide on hire or purchase options, identify any funding and put procedures in place to

help reduce harm from falls.

- Increase uptake of lying and standing blood pressure measurements through us of 'The Buzz', promoting three measurements by poster (as Vitalpac will not accommodate) and through FallSafe audit.
- Improve use of falls care plan - updated version now colour and promoted in induction training & with link staff, FallSafe audit now includes falls history. Initial discussion with the new e-clinical management system underway which will be available on i-pads/ i-phones.
- Assessment of vision - vision question now included in falls care plan, once introduced undertake an audit to ascertain if patients are being asked. Part of Comprehensive Geriatric Assessment form being considered for frailty patients.
- Written information is available to download but not printed; budgets required for printing and involve FallSafe link staff for distribution to patients/ carers.
- Oral information - Health & Social care videos on the intranet but currently not accessible in discharge lounge/ TV screens. Leads to emphasise need to document any falls prevention advice given.
- Fear of falling, continence, call bell, urinalysis, medication review, safe footwear and bed-rails are all care bundle elements on the FallSafe audit which is in the later stages of roll out across the acute hospital. These areas will be monitored on a monthly basis and should show improvement through falls link nurses on the ward.
- Maintain/ distribute FallSafe monthly audit to ward areas with electronic data collection to help keep falls on the agenda/ develop small cycles of change to improve patient care/ compliance with falls initiatives and reduce falls rate. Add to falls dashboard.

0051 (ICNARC) Adult Critical Care (Case Mix Programme) Report 2014/15

- No actions required.

0053 (NBOCAP) Bowel Cancer Audit – National Bowel Cancer Audit Report 2015

- Poor on data input in one category alone: Pre-op status. This is a data entry problem as all of our patients, with the exception of emergency cases, have a formal complete physical examination/ assessment. Issue addressed this with multi-disciplinary team co-ordinator to action this with our data input team.

0053 (NBOCAP) Bowel Cancer Audit – National Bowel Cancer Audit Report 2016

- No actions required.

0107 (NELA) National Emergency Laparotomy Audit : The second patient report of the National Emergency Laparotomy Audit (NELA) Dec 14 to Nov 15

- Multispecialty Mortality and Morbidity (M&M) meetings to incorporate scale of 'preventability' of death when it is finally published.
- Discussions regarding Surgical Assessment Unit on-going.
- On-going efforts to further improve data collection.
- Discussions regarding enlarging number of surgical consultants on hot week rota and different ways of working to ensure NELA compatible timely review of patients.

0043 (NHFD) National Hip Fracture Database – An analysis of 30 day mortality in 2014 - Annual Report Supplement 2015

- No actions required.

0043 (NHFD) National Hip Fracture Annual Report 2016

- Reduce number of un-cemented hip replacement implants for hip fracture patients (i.e. Austin Moore implant).
- Review definition of mobilisation for potential coding issue.

- Increase uptake of follow-up for hip fracture patients by outreach team & discuss options to extend/ manage follow-up.
- Optimise referral mechanisms to specialist falls clinic.
- Look at options to secure funding for continuing/ reinstatement of bone health assessment (Fracture Liaison Team - Osteoporosis).
- Review 2016 data of time of admission to ward to check accuracy.
- Review difference of through-put extended Trauma list trial.
- Review pre-operative nerve block data as potential inconsistences in data collection.
- Discuss contingency plan for imminent retirement of orthogeriatrician.

0042 (NJR) National Joint Registry 13th Annual Report 2016

- No actions required.

0035 (NNAP) National Neonatal Audit Programme 2016 Annual Report on 2015 data

- Concern: Temperature record within one hour of birth (lower than national average). Action: Nurses to document temperature with one hour of birth. Acton: Correct entry in Badger (educate Foundation and Specialty grade doctors at induction and monitor quality of data monthly.
- Concern - Administration of antenatal steroids. Action: Write to Obstetric lead to improve steroid administration and better documentation.
- Concern - First consultation with parents. Action: Better documentation in Badger. Action: Communication sheet as a separate document to be introduced in special care baby unit.

0027 (SSNAP) The second Sentinel Stroke National Audit Programme SSNAP Annual Report 01/04/14-31/3/15

- Domain 1. Disparity between SSNAP data and data pulled following coding of inpatient episodes.
    - Detailed analysis of breaches including time of day & reason/ theme.
    - Explore use of SSNAP data input by auditor for local contemporaneous performance reporting which will be used for all local updates including board report - DIY tool being used.
    - SSNAP Admin post currently vacant. Stroke co-ordinators currently supporting completion of SSNAP by clinical staff. Post now recruited to & will start mid-March.
    - Breach analysis highlighted issues with validation. Need to identify means of local contemporaneous clinical validation to ensure SSNAP submission is accurate & informs improvement.
- 2. Stroke protocol exists to get patients from emergency department (ED) to acute stroke unit swiftly for medical clerking on unit but only effective between 09:00-15:00 due to consultant & junior doctor availability.
    - Discuss with Lead Consultant extending a) flexing use of junior doctors to cover later in the day b) George Earle accepting patients direct from ED without clerking until 16:00 – Discussed but neither option possible.
    - Discuss with ED Clinical Director about ED team clerking patient and writing drugs chart to send patient direct to George Earle (as per protocol) later in afternoon & out of hours.
    - ED medical team update training for direct to CT/ thrombolysis.
- 3. Delayed communication with stroke team resulting in patients not going to George Earle swiftly.
    - Education/ discussion with ED clinical teams and EAU clinical teams.
    - Stroke bleep to be held by hospital at night manager.
- 4. Breach analysis identified concerns re: "ownership" of pathway and proactive co-ordination along Pathway from ED to George Earle.
    - Concern that Stroke Co-ordinators are frequently delivering care on George Earle and therefore not free to co-ordinate patient pathway; review of George Earle nursing workforce has identified significant funding gap to redress balance - Business case to be completed.

- Mapping of acute stroke pathway to be undertaken with all key stake holders; seek agreement on roles & responsibilities.
- Focused education/ support for stroke co-ordinators to ensure consistency in delivery of core duties/ responsibilities.
- Output of stroke mapping has identified areas for improvement/ clarity. Steering group (see action 8.1) to "own" improvement plan & further mapping sessions to be planned.

- 5. Medical expected (GP referred) patients presenting direct to Acute Medical Unit (AMU) rather than ED will automatically breach as AMU is counted as an admission
  - Explore whether AMU can be counted in the same way as ED/ Coronary Care Unit (CCU)/ High Dependency Unit (HDU) i.e. patients presenting to this area are not considered breaches - Not possible.
  - Medical expected (GP referred) patients presenting direct to AMU rather than ED will automatically breach as AMU is counted as an admission.
  - To avoid suspected strokes going to AMU, GP's to be asked "is this a potential stroke?", if "yes" patient to go to ED.
  - Explore introduction of "stroke phone" for GP's to call if patient with suspected stroke. - No applicants in last round of recruitment and not possible until minimum of three consultants.
- 6. Capacity on George Earle to take stroke patients.
  - Agreement for ring-fencing of two male & two female stroke beds reducing to one in escalation. - Not currently happening consistently due to pressures on flow.
  - Provision of beds for Neurology rehabilitation patients requiring level 3 'rehab' on Teign Ward. - Scoping completed. Costs available for three additional beds on Teign. Initial Scoping complete. Action: Neuro rehab to be on action plan of Steering group.
- 7. Capacity on George Earle to take suspected stroke patients.
  - Scope provision of a hyper-acute Bay (six beds) plus step-down "acute" stroke provision (six beds). Would require alternative provision for general medical patients. To be scoped as part of options appraisal for hyper-acute stroke services being developed.
- 8. Integrated approach to stroke delivery and improved performance
  - Meeting planned to launch a "steering group" for stroke improvement.
  - Terms of reference written & regular meetings planned.

0027 (SSNAP) Acute Organisational Audit Report November 2016

- Staffing/ Workforce
  - Establishment of band 6 and band 7 nurses for 10 stroke unit beds does not meet national recommendations and there are not three or more nurses per 10 type 1 and 3 beds. A plan for a sustainable stroke service including nursing staffing has been completed as part of preparation for the sustainability and transformation plan (STP) stroke review and will be considered along with options for acute stroke services.
  - There is no access to at least one whole time equivalent qualified clinical psychologist per 30 SU beds. The STP stroke process will be making recommendations for Devon on staffing levels for all allied health professional groups - target date 30-04-17.
- 7 day working
  - Specialist led ward rounds – Devon wide STP currently looking at this to make proposals for a Devon wide plan to deliver. Also, the Trust is looking at seven day working which could achieve this target within the proposed weekend working – plans awaiting final STP stroke conclusions.
  - 7 day therapy working - There is not 7 day working for at least two types of qualified therapy. Includes occupational therapy (OT), physiotherapy (PT) and speech and language therapy. There is currently access to one profession at weekends in some parts of the pathway. There was a recent pilot of 7 day working for OT and PT on George Earle ward - this will be built into the plan in response to the STP process.

- Access to specialist treatment and support
    - Thrombectomy audit report indicates that patients cannot access intra-arterial (thrombectomy) treatment - this is incorrect. Thrombectomy is currently available by referral (Mon – Fri) during working hours and our hospital has a pathway in operation delivering this service. STP process currently discussing options for delivering '24/7' thrombectomy and as this plan emerges we would be able to offer this service 24/7. SSNAP are unable to update the report to reflect this.
    - Transient Ischemic Attack (TIA) services - Current TIA services daily Mon- Fri. All patients referred are seen without risk stratification in our rapid access (walk in) TIA clinic. By this we are able to see most of our patients (probably up to 90%) within 24 hours of referral. This is one of the best ways of service delivery within the existing resources but still not meeting the national standards for seven day service. TIA services across Devon are being discussed as a part of STP for stroke and if a new model delivering seven day TIA clinic is developed, this would be implemented. Target date: 31-07-16.
- Patient and carer engagement
    - Report indicates formal survey is not undertaken seeking patient/ carer views on stroke services. This is incorrect, the stroke patient and public involvement (PPI) group meet every two months and reviews reports of friends and family test and reviews all comments submitted.

66 National Audit of Cardiac Rhythm Management (CRM) Devices 2014-15

- Ensure our procedural database includes the latest CRM audit dataset.
- Ensure that the procedural database can link directly with 'NICOR' to upload data.
- Ensure that operators take responsibility for checking entry of the critical data fields (as is the case for percutaneous coronary intervention.
- Ensure the data for implants after April 1st 2016 are confirmed as correct and meeting the minimum dataset requirements.

0049 Coronary Angioplasty – National audit of percutaneous coronary interventions: Annual Public Report 2014

- No specific actions are required by this audit.

0039 National Heart Failure Audit April 14-March 15

- Need to dedicate more time to collect/ verify 'NICOR' audit data (this needs more heart failure nurse time).
- Need to increase heart failure nurse involvement during inpatient stay (particularly for heart failure and a preserved ejection fraction patients on outlying wards).
- Need to increase proportion of patients seen 10-14 days post-discharge.
- All the above is dependent on appointing another heart failure nurse to help with inpatients and free up community teams who currently support and cover leave.

0120 National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme: Resources and organisation of pulmonary rehabilitation services in England & Wales 2015

- One area that has been highlighted for improvement is referral to enrolment time. With improvement in administrative support our aim will be for all patients to be enrolled within three months of referral.
- Our aim will be to improve referral time post exacerbation to one month in line with British Thoracic Society (BTS) guidelines for patients wishing to attend.
- Undertake an additional local audit after above actions implemented.

0093 National comparative audit of blood transfusion programme – Lower Gastro-intestinal bleeding and the use of blood

- Patients admitted with lower GI bleeding should have at least a digital rectal examination/ protoscopy/ rigid sigmoidoscopy (78% had a rectal examination compared to 87% nationally). It has been fedback at our post graduate surgical meeting to all junior doctors the need to do this on all patients.

- The major haemorrhage protocol was appropriately triggered in all patients. Two out of five did not receive Vitamin K (NB National Mortality 9.6% Local Mortality 5.6%). This has been fed back at Departmental Meeting.
- Overall Trust twice as good as the national standard for restrictive red blood cell transfusion and transfused a median of two units compared to three nationally. However it was felt a single unit transfusion could be used more often. This has been fedback at Departmental meeting.
- Organisational aspects highlighted no defined emergency endoscopy slots for 'Flexi sig' or colonoscopy. For the purposes of the audit we do not meet their criteria however we have slots for upper GI bleeds on a daily basis and with a highly efficient and functional endoscopy unit these are fitted in appropriately either in endoscopy or main theatres (the following week day or weekend day).
- The British Society of Interventional Radiologists and the Royal College of Radiologists have made recommendations stating a minimum of six consultant interventional radiologists are required for a safe and sustainable out of hours rota. Due to retirements this number is currently four (two at each site). This is not sustainable in the medium to long term; I understand these posts are being advertised.

0093 National comparative audit of blood transfusion programme – 2016 audit of red cells & platelet transfusion in adult haematology patients

- Remind all medical and nursing staff in haematology of the need to record indication for transfusion carefully - discuss at departmental meeting.
- Discuss transfusion thresholds for haematology inpatients at internal meeting with colleagues.
- Discuss avoidance of prophylactic platelets for patients with chronic marrow failure at internal meeting with colleagues.
- Discuss standards at Regional Transfusion Committee meeting.

0131 National Diabetes Audit Programme – National Pregnancy in Diabetes Audit Report 2014

- Improve informing the retinal screening service by letter every time we see a newly pregnant patient with diabetes.
- Develop a checklist to put in the patient notes so we can accurately record that this has been actioned.

0131 National Diabetes Audit Programme – National Diabetes Inpatient Audit 2015

- The results highlight the need for more education at ward level to improve patient outcomes, patient experience, reduce diabetes-related complications and reduce length of stay. Appointing a new diabetes nurse specialist for the wards and, once staffing issues are sorted; a new education initiative for the wards will be introduced.

0131 National Diabetes Audit Programme – National Diabetes Foot Care Audit (NDFA) 2014-15

- Only 50% of potential new diabetic foot ulcers were included in the audit. Not able to include 100% as patient has to have capacity to provide consent.
    - Introduce community NDFA champion(s).
    - Reinforce at every staff meeting.
    - League table to provide motivation.
    - Ensure all paperwork at hand for key ulcer and assessment clinics.
- 60.8% of our patients were either current or ex-smokers compared to a national average of 43.2%.
    - Podiatrists to continue to actively promote smoking cessation services.
    - Podiatrists to continue to follow current pathway for circulatory checks.
    - Smoking cessation literature to be available in the diabetic foot clinic.
- 27.6% of patients met their NICE recommended HbA1c treatment target compared to the national average of 44.1%. We acknowledge that current targets are not suitable for elderly/ frail patients and believe patients should have individualised targets.
    - Diabetes Specialist Nurse to attend Podiatry departmental team meeting to provide

education regarding HbA1c levels and what they mean.

  - Podiatrists to alert GP to abnormally high HbA1c in patients with medium and high risk diabetic feet.

- 'SINBAD' scoring system to grade diabetic foot ulcers.
  - To introduce SINBAD as preferred grading tool to replace TEXAS score.
  - Adapt local podiatry referral form to reflect new grading system.
- Time to treat shows 22% of patients seen 3-13 days post presentation of foot ulcer and 16.9% seen between 14 days and two months post presentation of new foot ulcer.
  - Undertake a review of those patients who were late to be seen to get more information as to why there was a delay.
- At the 12 week check 18.6% of patients had no outcome compared to the national average of 8.1%
  - NDFA sticker has been introduced to alert Podiatrist to patient involvement in audit and prompt return of audit form.
  - Introduction of community champion to help with audit data input.
  - Allocated time to allow inputting of data. (Estimated time per week = 30 minutes).

0131 National Diabetes Audit Programme – National Pregnancy in Diabetes Audit Report 2015

- Continue to highlight the importance of planning pregnancy both in every opportunity in Secondary and Primary Care through support service visits, local meetings and also healthy lifestyles team.

0139 National End of Life Care Audit – End of life Care Audit – Dying in Hospital, March 2016 – Organisational & Case Review

- Present audit results at appropriate clinical meetings within the hospital.
- Participate in national end of life audit on a yearly basis.
- Use results of audit to highlight key areas of end of life care provision when delivering teaching.
- Present at regional quality improvement event.
- Undertake review of end of life documentation.
- Undertake review of education around end of life care across the Trust.
- Review structure for monitoring end of life care within the Trust.
- Review policies and guidelines relating to end of life care across the Trust.
- Continue to plan for palliative care team to move towards six day working.
- Undertake an additional local audit after above actions implemented.

65 (NPDA) National Paediatric Diabetes Audit – 2015-16 Parent/ Carer PREM Reports

- Waiting times: Continue to improve on waiting times for appointments by group education in the waiting rooms and having age specific clinics in order to facilitate this education.
- Advice and guidance: Focus on regular teaching sessions for trainees so they are giving safe and helpful advice to families.
- Advice and guidance: Present the latest data on complications in type 1 & 2 diabetes and then to have a discussion about giving enough information on complications.
- Received information: Secure Continuous Glucose Monitoring (CGM) devices so that we can set up for children in clinic as a temporary measure to help them in their diabetes care and also apply for funding for the CGM devices.

0065 (NPDA) National Paediatric Diabetes Audit – National Paediatric Diabetes Audit Report 2014-15 Part 1 Care Process and Outcomes

- Aim for 20% of our patient population to have an HbA1c, 58mmol/ mol by 2017/ 18.
- Increase the number of children/ young people with an HbA1c < 48mmol/ mol by 5% each year.
- Aim for 80% of our newly diagnosed patients to have HbA1c <58mmol/ mol two years post

diagnosis.

We aim to achieve this through:

- A care pathway for newly diagnosed children that starts 'carb counting' and adjusting insulin dose accordingly from diagnosis - Care Pathway now complete and in operation.
- Setting out tight target blood glucose and HbA1c levels from diagnosis.
- An intensive multi-disciplinary follow up programme including home, school visits and clinic appointments.
- A newly diagnosed advanced diabetes self-care education program which is age and developmentally specific that all newly diagnosed patients are enrolled in from diagnosis.
- Empowering patients and their families to have confidence and competence in adjusting their insulin to carb and correction ratios.
- Newly diagnosed family evening events to allow families to meet and network with each other.
- Increasing the proportion of our patients over 12 years old who have had all seven care processes to 30% by 2016-17 - We aim to achieve this target by giving families request forms for the blood tests required as part of the annual care processes and booking blood clinic appointments either prior to the annual review clinic or at the preceding clinic. A letter is sent to the GP if patients are going to have their blood taken rather than outpatient clinic.
- Reducing the number of patients with an HbA1c of <80mmol/ mol by at least 5% per year - We aim to achieve target by better understanding the obstacles to good self-care on an individual and family setting through closer communication within the team of problems individuals are facing. More inclusive role of psychology services within the team. Working closer with allied services - school, GPs and social care.
- To see children in a way which impacts least on their schooling and is convenient for them - We aim to achieve this by setting up clinics in school - The 1st action to achieve this is to liaise with Practice Managers and the school to scope logistics of setting this up.

0086 National Oesophago-Gastric Cancer Audit 2016

- The oncology team will review outcomes in their patients receiving palliative chemotherapy and feedback to the multidisciplinary team (MDT) .
- 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-ordinator post procedure to ensure that they are recorded in the patient record.

0033 National Vascular Registry 2016 Annual Report

- Ensure that the joint Multidisciplinary Team (MDT) in Exeter functions well and is set up to meet our requirements.
- Ensure we document all patients presenting with Ruptured Abdominal Aortic Aneurysms (RAAA) who are palliated.
- Clarity is required from the National Vascular Registry as to whether a supra-renal clamp during Abdominal Aortic Aneurysm (AAA) repair constitutes a complex repair as this procedure is undertaken at Torbay but classified as an elective infra-renal repair.

0157 BASHH – tSMS peer review audit on the provision of sexually transmitted infection (STI) screening in patients requesting intrauterine contraception (IUC)

- Need to improve sexual history taking and documentation prior to IUC insertion - this will be achieved by amendment of 'Lillie EPR IUD/IUS counselling' template to include:
    - STI screen offered and documented.
    - Document last sexual intercourse (date, gender, type and condom usage).
    - Document past sexual intercourse (date, gender, type, condom)
    - Document number of sexual partners.

○ Undertake an additional local audit after above actions implemented.
0031 National IBD Audit – National Clinical Audit of Biological Therapies UK Audit Sept 2015
• No actions required.

The reports of 49 local clinical audits were reviewed by the provider in 2016/17 and Torbay and South Devon NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Ref	Recommendations / actions
6411	**Podiatry Care for Rheumatology Patients**
	• Present Rheumatology audit to Podiatry department. • Ensure that all Podiatrists make sure that every patient has an up to date treatment plan in place within the last 12 months including a neurovascular review. • Produce a set of guidelines and a treatment plan for Podiatrists to follow when treating patients with rheumatological disease. This will include: ○ A recorded assessment on footwear. ○ A recorded assessment/ observation of current disease activity. • Assess current Podiatry leaflets/ literature issued to patients with rheumatological disease to ensure they are up to date and contain best advice and information on disease management. Podiatrist to ensure this advice is discussed, issued to patient and recorded.
6479	**Infection Control and Podiatry Nail Surgery**
	• Podiatry staff to be trained in 'donning and doffing' their Personal Protective Equipment (PPE) as it was often not taken off in the correct order. Podiatrists to watch infection control BUZZ training on intranet. • Staff will be taught aseptic technique procedure.
6480	**Podiatry Ulcer Clinics**
	• Review the issues identified and compare policy to practice, amending/ updating whichever is to be changed. • Develop regular review tool based on audit tool.
6489	**International Treatment Effectiveness Project (ITEP) at Walnut Lodge**
	• Review the current in-house training package for the ITEP model and change the programme to ensure that the expectations of delivery are aligned to the commissioned requirements and that all staff are fully aware of their responsibilities in this respect. • Develop a consistent standard concerning the recording of discussions with service users regarding the outputs of client evaluation of self (CESI) and client evaluation of self in treatment (CEST) questionnaires and the associated graphs (Drug team only). • Supervision template to be amended to ensure that there is more focus on the linkages between the outputs of the CESI/ CEST graphs and the goals stated on the individual recovery plans (IRP's) (Drug team only). • CEST graph completion expectations to be discussed at drug team clinical meeting and audited monthly until improvements are seen (Drug team only). • IRP review recording to be standardised.
6474	**Emergency Department (ED) Triage Tool**
	• Liaison Psychiatry will not accept ED referrals unless the tool has been completed. • Present results to ED nursing staff.
6408	**Management of open lower limb fractures in Emergency Department (ED)**
	• Incorporate open lower limb fracture protocol onto Symphony system in ED. • Improve timely administration of IV antibiotics and tetanus through raising awareness at trauma multidisciplinary team meeting.
6548	**Assessing for Cognitive Impairment in Older People**
	• Educate medical staff about the Royal College of Emergency Medicine (RCEM) recommendations with regard to the cognitive assessments of over 75's, through SHO and middle grade teaching sessions and departmental Induction sessions. • Educate medical staff about the abbreviated mental test score (AMTS) tool on Symphony (as it may

be that AMTS's are being conducted but not recorded in the correct place), through SHO and middle grade teaching sessions and departmental Induction sessions.
- Investigate if it's possible to programme Symphony with a prompt to remind staff to complete an AMTS for over 75's.

6467 Vital signs in children (Re-audit of Royal College of Emergency Medicine (RCEM) audit)

- Two weekly snapshot of five cases.
- Rolling feedback to Urgent Care Action and Improvement Group (UCAIG).
- Change Symphony Paediatric Early Warning Score (PEWS) field to mandatory to ensure completion.

6416 Vitamin D insufficiency in adults >65 admitted with a fall

- High risk patients rarely have vitamin D levels tested or treatment initiated. Department of Health (DH) states that all patients over the age of 65 who are at high risk of vitamin D deficiency should be supplemented - Discuss/ meet with Medical Director and Divisional General Manager to implement/ authorise change in testing or prescribing practice.

6421 Physiological Pacing in Sick Sinus Syndrome (SSS)

- No plan required.

6444 Appropriate use/ request of ligand (123 (1-2 beta-carbometoxy-3beta-(4-iodophenyl_-N-(3-fluoropropyl) notropane (FP-CIT) dopamine transporter (DaT) scan single photon emission computed tomography (SPECT) brain imaging

- Education will be organised to ensure structural scans are ordered prior to DaT scans.
- Education will be organised to ensure indications for DaT scan are being met.
- Education will be organised to ensure interfering medication is withdrawn prior to DaT scan.
- Produce 'appropriate use criteria' for intranet publication.
- Add 'appropriate use criteria' to request forms.

6459 Management of Decompensated Liver Cirrhosis Care

- Emphasise taking blood cultures and coagulation screen in patients with decompensated liver cirrhosis - Staff to request bloods on Cyberlab to ensure all relevant blood tests are requested.
- Introduce Medical Team to British Association for the Study of the Liver (BASL) cirrhosis care bundle through presentation at Medical Unit meeting.
- Raise awareness to Medical Team through Medical Unit meeting that it's important to look for infection in these patients.
- Write/ publish a local guideline based on BASL care pathway for intranet.

6482 Last Days of Life prescribing

- Continue education and dissemination of good practice across the Trust focusing on:
    - Transdermal analgesia for End of life care.
    - Convert regular oral analgesia to syringe pump.

6418 Maternal temperature at caesarean section

- No plan required.

6465 Use of blood products and tranexamic acid (TXA) in patients with moderate blood loss

- No plan required.

6448 Allergic reactions to blue dye sentinel node biopsy

- Amend guideline to include intra-operative blue dye reactions.

6476 Appropriate GP referral to Breast Services

- Nurse clinics to look into managing anxious patients in clinics.
- Engage with GPs through education and continuing professional development.
- Feedback results to local commissioners.
- Reduce cost by managing demand on breast one-stop clinic.

6483 Pre-operative Methicillin-Resistant Staphylococcus aureus (MRSA) and Meticillin-Sensitive Staphylococcus Aureus (MSSA) screening in patients undergoing breast surgery

- Amend guideline and work closely with Day Surgery, Pre-operative Assessment, Anaesthetics and Surgery focusing on education and increasing awareness of MSSA.
- Pre-operative Assessment team need to check results over Bank Holidays and action by a named person.

6410 Endoscopic nasal polypectomy
• Information leaflet for patients to be designed. This will be distributed in clinic by nursing and medical teams when decision made that the patient is to have surgery. • Analgesia prescribing for in-patients to be discussed with ward teams at Morbidity and Mortality (M&M) meeting to ensure 'To Take Away' (TTA) prescribed.
6447 Practice for Adeno-Tonsillectomy for Paediatric Disorders of Sleep Physiology Action Plan
• Produce regional guidelines for the surgical management of this condition. • Feed results into regional audit project.
6452 Acupuncture for Xerostomia
• No plan required.
6400 Abdominal radiograph (AXR) requests in a District General Hospital
• Produce posters to remind staff of guidelines. • Publicise/ Highlight audit results and posters. Place posters on ward as soon as produced and present audit results to Post Graduate Meeting (PGM).
6463 Transurethral Resection of Bladder Tumour (TURBT) Quality indicators
• Amend Galaxy template to clearly show and include (in)complete resection and Mitomycin.
6484 Venous Thromboembolism (VTE) prophylaxis in colorectal cancer operations
• New rotation of F1 doctors should be clearly instructed regarding VTE requirements.
6486 Muscle invasive bladder cancer (MIBC) follow-up
• There is a need for further discussion concerning who is responsible for following up these patients and how best to co-ordinate it. • If there are good clinical reasons to deviate from NICE guidelines, there should be a different formal policy agreed locally for follow-up of these patients in its place. This is particularly important as when the NICE guidance was initially assessed (Aug-15), the Trust was advised that the recommendations had been "implemented".
6443 NICE (CG-85) Glaucoma guidelines
• No plan required.
6446 Torbay Eye Casualty notes
• Bleep and GMC number must be in notes so obtain stamps for all clinicians/ practitioners. • Notes must be fully fastened with no loose sheets, highlight through teaching session. • Ensure consultant identified on all records, consider adding pre-printed initials to continuation sheets. • Patient sticker to be on every sheet, both sides. • Full and clear documentation of presenting complaint must be in place, highlight through teaching session.
6433 Incidence of Oral Mucositis (OM) in Head and Neck (H&N) Cancer (Ca) Patients
• No plan required.
6451 Patient experience of treatment for sleep apnoea with a Mandibular Advancement Splint (MAS)
• Ensure all patients have a follow up appointment booked. • Manage patients' expectations of what the MAS will be like by showing them an example prior to beginning therapy.
6473 Success rates of craniofacial and dental implants following head and neck cancer treatment
• No plan required.
6487 Reversal of Warfarin prior to surgery in hip fracture patients
• Investigate if Vitamin K can be stored in neck of femur (NOF) box held in A&E so they can administer. • Review current policy to see if we can improve practice.
6436 Lee Silvermann Voice Treatment (LSVT)
• Consistency to be agreed on the measures that should be routinely collected (Feedback form currently being trialled). • Ensure that reviews at four to six months are established through discussion with colleagues at a team meeting.
6427 Overnight Transfusion
• Blood bank will be encouraged to challenge requests for transfusion outside of core hours. • Guidelines will be made available on the hospital intranet. • Further teaching and education sessions to raise awareness will be undertaken.

6440 Consent to Surgery
• Develop new education package to form a part of mandatory training and induction. • Re-design consent form.
6462 Enhanced Recovery Protocol (ERP) in fractured Neck of Femur (NOF) at Torbay Hospital
• Review the information regarding the "Nutritional Proforma" in the Fractured Neck of Femur care pathway due for review this year to ensure that it is easy to complete. • Change (in prescription on) drug charts to Ensure Plus Advance due to the presence of HMB (reduces muscle wasting in bed-ridden patients) and higher vitamin D content. Two bottles/ day for patients below 60kg, three bottles/ day for patient above 60kg. • Provide educational training for members of staff involved in the ERP, in particular nurses and healthcare assistants with two minute training sessions run by the dietitian and/ or dietetic assistant. • Continue to discharge patients home with two weeks supply of nutritional supplements. Clinical judgement will be used in situations where this is not felt to be appropriate. • Review nutritional section in Patient information booklet titled "Fractured Neck of Femur" ready for when this is reviewed.
6466 Blood Conservation strategies
• Add guidelines to the hospital intranet. • Further teaching and education sessions to be organised to raise awareness. • Introduce new blood authorisation paperwork to allow for better blood prescribing (currently at printers). • Blood bank to be encouraged to challenge rationale behind a two unit transfusion.
6434 Assessment and management of post- operative pain in mastectomy and breast reconstruction (BR) patients
• 0-3 pain scoring tool felt not to be sensitive enough to be used in Breast Surgery patients so agreed to investigate other pain tools such as 'Torchlight'. • Nefopam is a painkiller which is used to relieve persistent pain which is not being controlled by other painkillers such as paracetamol or aspirin. The Pain team seem to be prescribing this more and more - to investigate cost effectiveness of this drug.
6431 Paediatric Fever/Sepsis
• No plan required.
6450 Paediatric Early Warning Score (PEWS) Management
• Draft an 'alert' sticker for hospital notes - to be produced and inserted by nurse following alert from VitalPac, charted observations or Short Stay Paediatric Assessment Unit (SSPAU) when PEWS3+ is calculated. • Louisa Cary ward communication book to include above action for discussion at future nurse team meetings. • Circulate results to Paediatric and Anaesthetic/ ITU medical teams. • Produce a poster highlighting PEWS escalation policy for display in clinical areas.
6460 Neonatal Life Support (NLS) – Cord Clamping in normal deliveries
• Write/ publish a local policy based on NLS recommendations clearly highlighting the requirement for documenting delay in cord clamping.
6470 Clinicopathological outcome of children bronchiolitis
• No plan required.
6453 Management of Heavy Menstrual Bleeding (HMB)
• Produce pro-forma for use in clinic for patients with HMB. This will enable clear documentation of examination for all patients if history is indicative of histological or structural abnormalities or before fitting Mirena coil. • Pipelle/ endometrial biopsy for all women above 45 years presenting with HMB to exclude atypical hyperplasia or endometrial cancer. • Clear documentation of all offers of less invasive surgery; Ablation, Embolisation, Myomectomy before hysterectomy when applicable.
6454 Hypertension in Pregnancy
• Advise Midwives that they need to add patients with hypertension to the medical review book so that a doctor can complete the discharge summary to GP. • Update policy to reflect that care only needs to be Consultant led if pre-term delivery. • Explore the possibility of adding a list of risk factors to the 'STORK' form.
6341 Time from GP chest radiograph (CXR) to diagnosis of lung cancer
• Inform GPs to clearly categorise CXR as two week wait (2WW) or routine requests • If requesting CT using CXR report, remember to specify as 2WW (Consultants advised through audit

meeting) • If referring to chest clinic, consider if CT needed (may add unnecessary delay if wait for respiratory outpatient appointment [OPA]). Consultants advised through audit meeting.
6445 Extravasation of contrast media in computerised tomography (CT)
• Highlight through Clinical Effectiveness meeting need for more consistent recording of information when extravasations occur. • Raise awareness of need to document risk of Intravascular contrast agents (Addresses issue of 'consent'). • Produce patient information leaflet to advise patients as to what to do post extravasation.
6468 Baby hip screening
• Advanced Practitioners in Ultrasound will perform four monthly image reviews for consistency of Graf technique criteria, image accuracy and angle measuring. • High Did Not Attend rate remains a challenge and is costly but leaflets help parents realise importance of test.
6469 Identification of patients at risk of fragility fractures by the Radiologist
• Produce a list of all patients who either have the Fracture Liaison Service (FLS) code in the report, or have vertebral compression fractures mentioned in reports and send a monthly return to the Osteoporosis nurse. • List of patients to be sent to Osteoporosis co-ordinator to check against 'DEXA' scan database and identify missed patients • E-mail Consultant Radiologists to raise awareness of FLS code and ensure use in reporting. • Currently DEXA scans do not show on CRIS view screen, investigate if DEXAs can be added as this would be useful for Radiologists to see if patient is already in system. • Analyse data to determine if use of FLS code resulted in more patients being referred to Osteoporosis service.
6456 Management of patients presenting with syphilis
• Alter 'Lillie' template to: o Introduce mandatory field for baseline Rapid Plasma Reagin (RPR). o Add field for symptoms and a mandatory field for resolution. o Health Advisors to investigate more standardised way of recording contact outcomes.
6457 Management of Progesterone-only injectable contraception
• All patients having Depot for first time in Torbay Sexual Medicine Services (tSMS) to have initial Depot template completed. • All TOPAS (Torbay Pregnancy Advice Service) patients being referred for STOP (surgical termination of pregnancy) to have female core details AND Initial Depot template completed at initial assessment. • Lillie (TSMS computer system) amendment to document discussion regarding other methods prior to commencing Depot in <18yrs. • Lillie amendment to initial/ follow-up templates to document date next osteoporosis risk assessment due. • Lillie amendment to assess if patient has multiple risk factors for osteoporosis. • Lillie amendment to initial/ follow-up templates to record smear history.
6490 Management of anogenital herpes
• Patients starting suppression should take it initially for 12 months (supplied in three month aliquots).

The reports of four national confidential enquiries were reviewed by the provider in 2016/17 and Torbay and South Devon NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

0137 (NCEPOD) Acute Pancreatitis Study - Treat the Cause - A review of the quality of care provided to patients treated for acute pancreatitis
• Recommendation 10 - Historically the target for index/ early cholecystectomy has not been met. This situation has been significantly improved following the introduction of "hot" upper GI surgical cover. This cover remains patchy at present but will improve following the planned expansion of consultant upper GI Surgeons. • Recommendation 15 - The 2012 International Association of Pancreatology (IAP) guidelines reflect

clinical practice, our updated guidance will include them as reference.

- Recommendation 12 & 13 - The improvement of alcohol services within the Trust with a view to seven day service should remain a priority. A business case has been submitted and remains under review.

0045 (MBRRACE-UK) Maternal, Newborn and Infant Clinical Outcome Review Programme: Saving Lives, Improving Mothers' Care - Surveillance of maternal deaths in the UK 2011-13 and lessons learned to inform maternity care from the UK & Ireland confidential enquiries into maternal deaths & morbidity 2009-13

- Highlight to staff via the clinical governance newsletter that dizziness and episodes of collapse/ loss of consciousness are symptoms of pulmonary embolism.

0045 (MBRRACE-UK) Maternal, Newborn and Infant Clinical Outcome Review Programme: Perinatal Mortality Surveillance Report – UK Perinatal deaths for births from Jan-Dec 2014

- Work closely with MBRRACE-UK to improve coding of the cause of death & associated conditions (CODAC) classification system, in order to facilitate the appropriate targeting of interventions to reduce specific types of death.
- Ensure missing data is uploaded following post mortem.
- Highlight documentation of women having CO2.

0018 National Confidential Enquiry into Head Injury into Children: Traumatic head injury in children & young people; a national overview

- Clinicians who evaluate children with traumatic head injury must avoid a simplistic interpretation of falls and take a detailed history using a standardised pro-forma at the time of presentation to determine the likely risk of serious head injury and ensure that the explanation provided is plausible to exclude concerns about physical abuse or neglect. The history must include items such as the item fallen from, the time of injury and chronology of signs and symptoms. This requires Symphony to be upgraded with checklists for head injury.
- All children with a traumatic head injury should be assessed by a health care professional who has been trained in the assessment and management of childhood trauma. Many of these children are very young and the assessment of neurological impairment differs considerably from that in Adults; NICE Head Injury Clinical Guideline (CG-176) published 2014: Triage, assessment, investigation and early management of head injury in children, young people and adults. Ensure emergency department (ED) middle grades and consultants are advanced paediatric life support (APLS) or advanced trauma life support (ATLS) trained.
- Clinical pathways and clinical training need to ensure that the following standards are improved in ED for children with traumatic head injury with all levels of neurological impairment, quicker time taken to assess children in ED with head injury, recording of Glasgow coma score (GCS) with details of component scores in all cases, early intubation of children with GCS < 8. ED is currently working to improve time to initial observations/ assessment/ paediatric early warning score (PEWS) score, etc. There is prompt support from anaesthetics/ intensivists for children with reduced GCS.
- ED staff and hospital paediatricians must receive appropriate levels of safeguarding training that includes guidance on the recognition of abusive head trauma (AHT).
- For frontline staff assessing young children with head injury, training must be provided in a manner that accounts for the rapid turnover of staff in ED, many of whom are adult specialists or locums.

- The Royal College of Emergency Medicine clinical standards document published in August 2014 recommends that 'All ED medical and nursing staff should, as a minimum, have level 2 child protection training'.
- All senior Emergency Medicine doctors (ST4 or equivalent and above) should have level 3 Child Protection training'. (Taken from: Safeguarding children and young people: roles and competences for health care staff published 2014.) The Safeguarding Named Nurse advises that training competencies for ED and paediatrics generally meet standard. Joint named doctors for Safeguarding will be considering how to tackle 'topic teaching' of clinical aspects of safeguarding practice specific for senior ED and paediatric doctors that are not covered in level 3 safeguarding training. AHT will be one of those topics.
- NICE Head Injury Guidelines 2007 and 2014 recommend that head CT scan should be performed if non-accidental head injury is suspected yet they give no explanation as to when this suspicion should be raised. This should be considered in the next revision of the guidelines. There are several detailed evidence based publications around this topic (www.core-info.cf.ac.uk).
- All health care professionals involved with these children must be made aware that AHT is a condition prevalent in infants and toddlers and be familiar with the guidelines where AHT is suspected. Joint named doctors for Safeguarding will be considering how to tackle 'topic teaching' of clinical aspects of safeguarding practice specific for senior ED and paediatric doctors that are not covered in Level 3 safeguarding training. AHT will be one of those topics. We will discuss with Education and Paediatric leads for ED about how to deliver the training to ED.

Research

The number of patients receiving relevant health services provided or sub-contracted by Torbay and South Devon NHS Foundation Trust in 2016/17 that were recruited during that period to participate in research approved by a research ethics committee was 1,819.

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 282 clinical research studies during 2016/17 in 32 specialities.

During 2016/17 83 clinical staff participated in approved research at Torbay and South Devon NHS Foundation Trust.

In the past year more than 15 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.

Summary of the Impacts and outcomes from studies Torbay hospital has led or participated in.

Clinical Specialty	Study details
Cancer / General	**Patients more likely to survive in research-active hospitals** A study, supported by the National Institute for Health Research (NIHR) Clinical Research Network (CRN), has found that bowel cancer patients are more likely to survive in research-active hospitals. Even patients who are not involved in the trials themselves benefit from being in hospitals where a large amount of clinical research is taking place. Data collated from NIHR CRN studies over several years showed that people are more likely to survive after operations in these types of hospitals and are more likely to still be alive five years afterwards. There was nearly a four per cent increase in the five-year survival rate for those treated in highly research-active hospitals. These findings support the increasing evidence base and confirm beliefs that a research-active NHS can improve care and outcomes for all patients and therefore we must continue to support and encourage patients and frontline staff to fully embrace clinical research as an integral part of the NHS. The majority of the hospitals conducting high levels of research were district general hospitals and the effects were not limited to cancer 'centres of excellence.
Cancer – breast cancer	**The HERA study**: A randomised three arm multicentre open label global study evaluating the efficacy and safety of Herceptin single agent therapy following the completion of definitive surgery, radiotherapy (if indicated) and approved (neo) adjuvant chemotherapy in Her-2 positive women with early breast cancer. The results of the analysis after a median of 11 years of follow up were consistent with those previously reported (Herceptin given 3 weeks for either 1 or 2 years improved disease free survival and overall survival rates compared to no Herceptin after standard adjuvant therapy and that there was no statistical difference in duration indicating no additional benefit treating with Herceptin beyond 1 year). Additionally the follow up reports shows no evidence for late onset congestive heart failure events (i.e. at least 4 years after the start of Herceptin treatment).
Cancer - Malignant Haematology	**Rituximab, cyclophosphamide, doxorubicin, vincristine and prednisolone (R-CHOP) in the management of primary mediastinal B-cell lymphoma: a subgroup analysis of the UK NCRI R-CHOP 14 versus 21 trial.** The main study reported showed no evidence that R-CHOP 14 is better than R-CHOP 21, they were equally effective. However a sub group analysis was undertaken to evaluate the outcomes for 50 patients with World Health Organization 2008 classified primary mediastinal B-cell lymphoma identified from the trial database. At a median follow-up of 7·2 years the 5-year progression-free survival and overall survival was 79·8% and 83·8%, respectively. An exploratory analysis raised the possibility of a better outcome in those who received R-CHOP-14 and time intensification may still, in the rituximab era, merit testing in a randomised trial in this subgroup of patients.
Cancer - Prostate	**Adding Celecoxib With or Without Zoledronic Acid for Hormone-Naïve Prostate Cancer: Long-Term Survival Results From an Adaptive, Multiarm, Multistage, Platform, Randomized Controlled Trial.** Men with high-risk, locally advanced or metastatic prostate cancer who were initiating long-term hormone therapy were recruited into the STAMPEDE study. A report looking at the survival data for two celecoxib (Cel)-containing

	comparisons, which stopped recruitment early as part of an early interim analysis shows no overall evidence of improved survival with the addition of Celecoxib.
Diabetes	**Prediction of protective sensory loss, neuropathy and foot ulceration in type 2 diabetes (funded by the Torbay Medical Research fund a local charity), led by local clinicians** In a Trust led study looking prospectively to determine the clinical and biochemical characteristics associated with the development of peripheral neuropathy, loss of protective sensation and foot ulceration in persons with type 2 diabetes over 7 years, showed that stature and worse metabolic control were associated with progression to neuropathy. Mean Hb1Ac levels were higher in those who developed foot ulcers. Graded enriched monofilament testing may enrich recruitment to clinical trials and assignation of high foot risk for foot ulceration
Orthopaedics	**A comparison of energy consumption between the use of a walking frame, crutches and a stride-on rehabilitation scooter.** Following foot and ankle surgery, patients may be required to mobilise but non-weight bearing, requiring a walking aid such as crutches, walking frame or a Stride-on rehabilitation scooter, which aims to reduce the amount of work required. This study looked at the energy consumption of mobilising using a Stride-on scooter and showed that energy required for unit distance ambulation with a Stride-on device is similar to walking, and significantly lower than with a walking frame in single legged stance and three-point crutch mobilisation. This justifies its use as part of routine practice aiding early mobilisation of patients requiring restricted weight bearing or single legged weight bearing, especially in those with reduced cardio-pulmonary reserve as it is less physiologically demanding and does not rely on upper body strength.
Respiratory	**RESPIRE 1: A Randomized, double-blind, placebo-controlled, multicenter study comparing Ciprofloxacin DPI intermittently administered 28 days on / 28 days off or 14 days on / 14 days off) versus placebo looking at time to first pulmonary exacerbation and frequency of exacerbations in subjects with non-cystic fibrosis bronchiectasis.** The study showed that treatment with Ciprofloxacin DPI in the 14 day regimen was superior to placebo: it significantly prolonged the time to first exacerbation event and it significantly reduced the frequency of exacerbation events over 48 weeks. Overall, Ciprofloxacin DPI given in a cyclic regimen of 14 days also increased eradication of bacterial pathogens and improved health-related quality of life when compared with placebo in non-CF bronchiectasis subjects. The treatment with Ciprofloxacin DPI given for 48 weeks was safe and well tolerated over an observation period of up to 54 weeks. Treatment-emergent development of resistant pathogens (mostly *P. aeruginosa*) in sputum samples at the regular end-of-study visit from pre-treatment were seen in 7.3% of subjects in the Ciprofloxacin DPI 14 group, and 2.2% of subjects in the pooled placebo group.
Rheumatology	**Physical activity but not sedentary activity is reduced in primary Sjögren's syndrome.** PSS is a common autoimmune disease. People who have PSS may have symptoms including dry eyes and mouth, pain, fatigue, and experience difficulties with functional tasks. This in turn affects quality of life and employment status. Currently treatment available to these patients in the NHS is limited and is only partially effective at best. The aim of the study was to evaluate the levels of physical activity in individuals with primary Sjögren's syndrome (PSS) and its relationship to the

	clinical features of PSS. The study looked at self-reported levels of physical activity, fatigue and other clinical aspects of PSS including disease status, dryness, daytime sleepiness, dysautonomia, anxiety and depression using several validated tools / Questionnaires and compared with healthy controls matched for age, sex and body mass index. The results showed that physical activity is reduced in people with PSS and is associated with symptoms of depression and daytime sleepiness. Sedentary activity is not increased in PSS and that clinical care teams should explore the clinical utility of targeting low levels of physical activity in PSS.
Stroke	**Does the use of Nintendo Wii SportsTM improve arm function? Trial of WiiTM in Stroke: a randomized controlled trial and economics analysis.** This home-based rehabilitation study was looking at the efficacy of using the Nintendo Wii Sports™ (Wii™) to improve affected arm function after stroke. This was a multicentre, pragmatic, parallel group, randomized controlled trial where participants were randomly assigned to exercise daily for six weeks using the Wii™ or standard arm exercises at home. The trial showed that the Wii™ was not superior to arm exercises in home-based rehabilitation for stroke survivors with arm weakness. The Wii™ was well tolerated but more expensive than arm exercises

CQUIN payment

A proportion of Torbay and South Devon NHS Foundation Trust income in 2016/17 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 2016/17 and for the following 12 month period are available electronically at: *http://www.torbayandsouthdevon.nhs.uk*

In 2016/17 the potential value of the CQUIN payment was £4,634,000 and income subsequently received was £4,634,000. In 2015/16 the potential value of the CQUIN payment for the acute Trust was £4,727,000 and the income subsequently received was £4,125,000. In 2017/18 the value of the CQUIN payment is £4,686,000

Care Quality Commission

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

- Diagnostic and screening procedures.
- Family planning services.
- Management and supply of blood and blood derived products.
- Maternity and midwifery services.
- 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 2016/17.

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 no unannounced visits from the Care Quality Commission during 2016/17 as part of its routine monitoring programme.

The Trust received a comprehensive inspection in February 2016 with an overall rating of requires improvement in June 2016. Twelve out of the nineteen services inspected were rated as good or outstanding.

Torbay and South Devon NHS Foundation Trust – CQC ratings	
Safe	Requires improvement
Effective	Requires improvement
Caring	Outstanding
Responsive	Requires improvement
Well led	Requires improvement

Source: http://www.cqc.org.uk/sites/default/files/new_reports/AAAF4827.pdf

The inspection resulted in five requirement notices relating to:

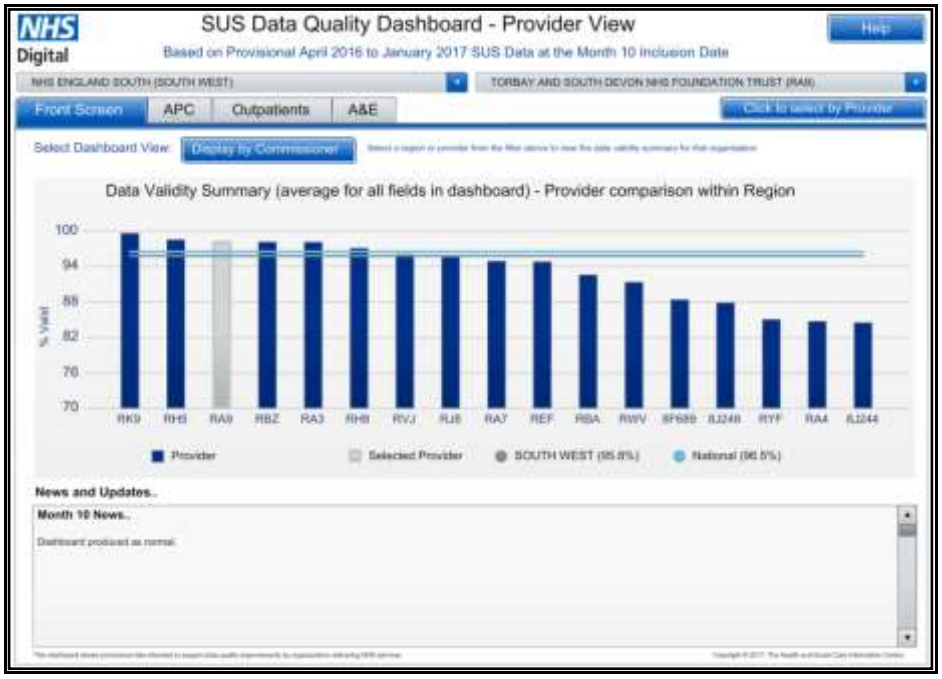
- Regulation 12 - safe care and treatment
- Regulation 13 - safeguarding service users
- Regulation 15 - premises and equipment
- Regulation 17 - good governance
- Regulation 18 – safe staffing

The actions relating to these requirement notices have been completed with the exception of safe staffing in medicine. An establishment review has been undertaken and the business case is progressing with completion anticipated in May 2017.

A CQC assurance group, led by the Governance lead, meets monthly to monitor improvements and compliance against the required standards. This group reports to the Quality Assurance Committee and Trust Board.

Data quality

Data quality continues to supported and improved upon by the Trust information team and the Health Informatics Services. As a result of the work, during 2016/17, Torbay and South Devon (RA9) became the third highest scoring Trust in the south west region with regards to data quality. This assessment is based upon thousands of clinical records submitted to NHS Digital. Our aim in 2017/18 will be to maintain and if possible improve on this position.



RA9 = Torbay & South Devon NHS Trust

April 2016 - January 2017 data

NHS number and general practitioner registration code

Torbay and South Devon NHS Foundation Trust submitted records during 2016/17 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data, as of January 2017 (Month 10), which included the patient's valid NHS number was as:

- 99.6% for admitted care.
- 99.8% for outpatient care.
- 98.5% for accident and emergency care.
  The percentage of records in the published data

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

- 99.5% for admitted care.
- 99.3% for outpatient care.
- 98.6% for accident and emergency care.

Information governance

Torbay and South Devon NHS Foundation Trust information governance assessment report overall score for 2016/17 was 75% and was graded green. The Trust will take the following actions to improve the score including:

- Continued development of the information governance key performance indicators dashboard.

- Creation of an up to date information asset register for corporate records currently maintained on paper.

- Centralising of all policies and procedures for the Trust.

- Creating an implementation plan in preparation for the new general data protection regulations.

Clinical coding

Torbay and South Devon NHS Foundation Trust was not subject to the payment by results clinical coding audit during 2016/17 by the Audit Commission.

Data quality improvements

Torbay and South Devon NHS Foundation Trust committed to take the following actions to improve data quality in 2016/17 which are noted alongside the actions taken below.

- To publish and implement the business intelligence strategy.

  The Trust did not publish a business intelligence strategy in 2016/17. In its place a business information reporting group, chaired by the Director of Strategy and Improvement, was set up with the aim of prioritising the information requests to meet operational and Board assurance. One outcome of the work is automated reporting for a range of operational metrics including, emergency department, length of stay and discharges.

- Create a baseline audit of information asset owner data-quality awareness and maturity by quarter two 2017 (*repeat every 12 months*)

  The baseline audit of information asset owner data-quality awareness has not yet been undertaken, however, this will be prioritised in early 2017/18. The work will be led by the Informatics Managers in the Performance and Information team with the Director of Health Informatics Service.

- Create a data vault '*one version of the data'* to warehouse the different information collected. This will enable us to create many different timely reports to support improvement and change.

  Progress with the multi-year project to build a data-vault warehouse has been moving forward well and has been expanded to include adult social services data. The hosting platform has been migrated to open Source software during 2016/17 and the aim is to complete the work in 2017/18.

- 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.

    - Carers' assessment completed - Governor indicator.

    The external auditors report was published in May 2016 and no data quality issues were identified for A&E or incomplete pathways. With regards to carers no errors were identified in the sample tested.

2017/18 data quality objectives

Torbay and South Devon NHS Foundation Trust will be taking the following actions to improve data quality:

- To improve the data recording of treatments undertaken in the emergency department.

- To maintain or improve the Trust national SUS data quality position

- To initiate a dedicated data assurance group to further strengthen the reporting and management of data quality within the Trust

- Act on the recommendations of three quality audits undertaken by the external auditor in spring 2017 as part of the Trust's annual Quality Account.
    - Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period. Ⓐ

    - Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge. Ⓐ

    - Delayed transfers of care - Governor indicator.

Mandated quality indicators

As part of the annual report 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

	July 15 – June 16	October 14 – September 15	October 13 - September 14
SHMI	0.8440	0.812	0.995
National High – Low	1.17 - 0.69	1.17 - 0.65	1.19 - 0.59
Band *(Band 2 = as expected Band 3 = lower than expected)*	3	3	2
Observed deaths	1,798	1866	1632
Expected deaths	2,130	2298	1640
Spells	47,927	45336	38875

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 1.17and the lowest Trust score is 0.69. There is no national average. The Trust is performing better that the national benchmark

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)

	July 15 – June 16	October 14 - September 15	October 13 - September 14
Palliative care coding % deaths	22.1	18.9	18.6
England average	29.1	26.6	25.4
High	54.8	53.3	49.4
Low	0.6	0.2	7.5

Source of information: HSCIC

The highest Trust score is 54.8 % and the lowest Trust score is 0.6%. The national average is 29.1%.

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 palliative care coding data is published in arrears.

The latest palliative care figure is based on the integrated care organisation. There has been no measurable change as a result of becoming an integrated care organisation.

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 15 – March 16	April 14 - March 15	April 13 - March 14
Adjusted Health gain score	0.414	0.422	0.417
National average	.0438	0.0437	
Highest Trust performance	0.051	0.33	
Lowest Trust performance	0.32	0.523	
Knee replacement			
Adjusted Health gain score	0.0343	0.309	0.338
National average	0.0320	0.315	
Highest Trust performance	0.0397	0.418	
Lowest Trust performance	0.0798	0.204	
Groin hernia surgery			
Adjusted Health gain score	Low numbers data not published	Low numbers data not published	0.073
National average	n/a	0.083	
Highest Trust performance	n/a	0.148	
Lowest Trust performance	n/a	0.02	
Varicose vein surgery			
Adjusted Health gain score	Low numbers data not published	Low numbers data not published	
National average	n/a		
Highest Trust performance	n/a		
Lowest Trust performance	n/a		

Source of information: HSCIC

The PROM data is published nationally in arrears. Latest published data covers the period April 15 – March 16. Against the four monitored surgical procedures only two have published results for patient reported outcomes scores. There are no published scores for varicose veins and groin surgery due to the low number of procedures performed / surveys completed.

The reported procedure scores are for hip and knee replacement surgery. 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

	Oct 15 – Sept 16	April 14 - March 15	April 13 - March 14
0-15 years old			
% readmissions	9.7%	6.96%	5.63%
Benchmark national benchmark 100	108	94.38	82.06
=>16 years old			
% readmissions	9.2%	7.47%	7.52%
Benchmark national benchmark 100	105	95.17	94.37

Source of information: Dr Foster

There is no high or low rate for a Trust or an average. The benchmark is 100.

The most recent data shows an increase in readmission rates. On investigation into the likely causes it is noted that there has been a change of pathway for medical assessment, meaning more patients are being admitted to hospital assessment areas rather than the generic A+E. This has resulted in a change of data and makes comparison to earlier years obsolete.

The Trust has also in addition commissioned a clinical audit of readmissions with the aim of providing the board with assurance on the quality of outcomes for patients.

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.
- Completion of readmissions audit in 2017/2018.

Domain 4 Ensuring people have a positive experience of care

Overall patient experience -

Inpatient survey

Between August 2015 and January 2016, a questionnaire was sent to 1250 recent inpatients at each Trust who had received care in July 2015.. Responses were received from 681 patients at Torbay and South Devon NHS Foundation Trust.
The survey was published in June 2016 and overall performance is shown below.

Patient survey	2016	2015	Compared with other trusts
Overall view of inpatient services **(for feeling that overall they have a good experience)**	8.3/10	8.2/10	About the same

Source of information: CQC

There is no worst or best performing trust or a national average
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 increase this rate, and so improve the quality of its services through:

- Learning from feedback received and making changes
- Continuing to use real time feedback to augment the national inpatient survey

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

Staff survey – weighted results	2016	2015
Torbay and South Devon NHS Foundation Trust	3.89	3.91
National average for combined acute and community trusts	3.71	3.71

Scoring scale
1= strongly disagree
5= strongly agree

Source of information: CQC

In 2016 the national average for combined acute and community trusts is 3.71. The best performing trust achieved a score of 4.20 with the lowest performing trust achieving a score of 3.32.

The Trust's score of 3.89 is better than the national average.

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:

- Communicated the findings with staff
- Engaged with key stakeholders to develop a targeted action plan
- Progress against the action plan will be monitored through the Organisations Workforce and Organisational Development Committee.
- Where available, local findings will be provided to departments for them to develop local action plans which will be monitored through Executive performance reviews.

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

Source of information:

In 2016 the national average for combined acute and community trusts is 87%. The best performing trust achieved 94% with the lowest performing trust achieving 72%.
The Trust's score of 88% is better than the national average.

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 –weighted results	2016	2015
Torbay and South Devon NHS Foundation Trust	22%	25%
National average for combined acute and community trusts	23%	25%

Source of information: CQC

In 2016/17 the national average for combined acute and community trusts was 23%. The best performing trust achieved 19% and the worst performing trust achieved 32%.

The Trusts finding of 22% is better than the national average for combined acute and community trusts.

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 2016_17	Q4 2015_16	Q4 2014_15
% VTE assessed UNIFY return	94%	95%	87%
National standard	95%	95%	95%
Highest performing	100%		
Lowest performing	76.4%		

Source of information: HSCIC

The Trust is achieving 94% just below the required standard in the latest published data being Q3 16/17 for the assessment of VTE on admission to hospital.

The highest performing Trust is 100% and the lowest performing Trust is 76%. 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:

- The chief nurse has been working closely with the ward matrons to share ward level performance to influence greater compliance to the standard.

- It is recognised that there is a degree (up to 5%) of under reporting due to the way the data is captured. A new clinical system 'Nerve Centre' is being introduced and this will remove the manual transcription from medical notes for electronic capture. Roll out of this system has commenced and is due to be completed this year.

Rate of C. difficile infection –

C.difficile rate per 100,000 bed days – 2yrs and over	April 15 – March 16	April 14 - March 15	April 13 - March 14	April 12 - March 13
South Devon Healthcare NHS Foundation Trust	22.4	17.7	12.6	16.9
Nationally set target for the trust	14.9	15.1	14.7	17.4
Best performing	0	2.6	1.2	1.2
Worst performing	66	62.2	37.1	31.2

Source of information: HSCIC. Data is published in arrears

In 2015/16 the C.difficile rate per 100,000 bed days increased to 22.4 from 18.6 the previous year and exceeded the overall national average rate.

The best performing trust was a zero rate, this being a specialist women's hospital and the worst performing trust rate 66 per 100,000 bed days. The national average is 14.9 per 100,000 bed days.

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 reported c.difficile cases undergo 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 16 – March 17	April 15 - March 16	April 14 - March 15	April 13 - March 14
Number of incidents reported	7056	6979	5546	5188

Source of information: Safeguard/Datix - solely Datix from October 2016

From April 2012 to March 2015 this is Torbay Hospital information only, from April 2015 it is the new Torbay & South Devon Foundation Trust.

The number of incidents reported over the last 12 months is 7056. There is no highest or lowest score or national average. An increase in numbers is in part of a reflection of a positive reporting culture across the integrated care organisation.

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

	Apr 16 – Sept 16	Oct 15 – Mar 16	April 15- Sept 15	October 14 March 15	April 14 - Sept 14
Number of incidents severe harm or death	13	3	9	7	1
% of all incidents	0.3%	0.1%	0.2%	0.24%	0.05%

Source of information: NRLS via NHS Improvement

The number of incidents of severe harm or death is 13 between April 2016 to September 2016 for the integrated care organisation. Information is published in arrears and the information until Oct 2015 is for Torbay Hospital only.

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 continues 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 2016/17

Overview of the quality of care based on Trust performance

Torbay and South Devon NHS Foundation Trust has been an integrated care organisation since October 15. It continues to work with and be accountable to:

- NHS Improvement, 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.

We also continue to work with the Devon 'STP'. The STP brings together our NHS organisations to develop plans and transform services across our county. In November 2016, the Devon sustainability and transformation plan was published and information about the plan and the work of the STP can be found at: http://www.devonstp.org.uk/

Within the Trust we have five service delivery units who are accountable for the quality of care provided by them.

The units are split into:

- Medicine, which includes the Emergency Department.
- Surgery.
- Women, children's and diagnostics.
- Community services.
- Corporate services.

On a monthly basis each service delivery unit's performance is reviewed by the executive team in the service delivery unit performance review meetings. The meeting include regulatory performance as a standing item and allows the executive team to review performance and establish forward actions. The outcomes of these reviews and actions are incorporated as needed to inform the monthly board report.

In 2016/17 monitoring of Foundation Trust operational performance changed from the risk assessment framework to the single oversight framework in October 2016. As a result the summary table shown overleaf has changed from the previous year's accounts.

The table below shows performance throughout the year against the single oversight framework indicators as reported in board reports. The summary shows actual performance against the agreed trajectory of improvement where required or standard.

Indicator/Target	Quality indicator	Target/ Standard	16/17	15/16	14/15
Maximum time of 18 weeks from point of referral to treatment (RTT) - incomplete pathways Ⓐ	Experience	92%	89.7%	91.6%	93%
A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge Ⓐ	Experience	95%	90.9%	87%	87%
Cancer 62 day wait for first treatment from urgent GP referral for suspected cancer	Effectiveness	85%	87.7%	89.6%	89%
Cancer 62 day wait for first treatment from NHS cancer screening service referral	Effectiveness	90%	94.5%	96.9%	
C.difficile year on year reduction	Safety	18	8**	10**	4**

*** c-diff - Only cases confirmed as lapse in care count towards target (New measure 2014/15). Figures for 14-15 are South Devon Healthcare NHS Foundation Trust figures prior to integration*

In 2016/17 the actions undertaken to improve our performance has focused on:

A&E: maximum 4 hour wait standard

From April 2016 to January 2017 in response to the CQC inspection, an action plan to improve 4 hour performance was developed and reviewed at regular meetings chaired by the chief operating office.

The trust established a clear set of measures used for improvement as well as lines of accountability with lead clinicians presenting performance to review progress and actions at these meetings.

Following significant improvement, particularly in the quality metrics used, the process was moved back to business as usual with the emergency services directorate.

The meeting had commissioner representation and a comprehensive performance data pack was shared widely across the trust and biweekly exec briefing summaries sent out to key stakeholders.

Referrals to treatment (RTT)

Since April 2016, the chief operating officer or deputy chief operating officer has chaired a fortnightly meeting with service delivery unit lead managers and the commissioners to review RTT performance.

This operational oversight is supported by a robust process of waiting list management through weekly meetings with each of the clinical specialties. This ensures chronological priority waiting list management and also identifies and escalates pathway delays or capacity constraints.

Looking ahead, the plan is to maintain these tight controls to ensure robust waiting list management along with quality impact assessment where waiting times are longest. The trajectory of improvement is for a gradual improvement throughout 2017/18 with the 92% standard being met in March 2019. The improvement plan is based on demand management and productivity efficiencies rather than additional capacity to release sufficient capacity to bring down waiting times.

Mandated quality indicators

These are reported in part 2 of the Quality Account.

Local priorities

In addition to reporting performance against the statutory indicators for regulatory assessment a range of further indicators are reported to the Board. These have changed slightly from the previous year's account reflecting the priority areas for the integrated care organisation.

Other National and local priorities	Quality indicator	Target 2016/17	2016/17	2015/16	2014/15
Smoking during pregnancy	Effectiveness	n/a	15.14%	15.6%	16.%
Breastfeeding initiation rates (% initiated breast feeding)	Effectiveness	n/a	68.8%	70.5	74%
DNA rate	Effectiveness	5%	5.65%	5.6%	5.6%
Stroke care: 90% of time spent on stroke ward	Effectiveness	80%	83%	80%	64%
Timeliness of social care assessment	Effectiveness	>70%	71.2%	69%	n/a
Mixed sex accommodation breaches of standard	Experience	0	0	4	3
Delayed transfer of care (bed days lost)	Experience	n/a	4561	5298	6445
Cancelled operations on the day of surgery	Experience	0.8%	1.1%	1.0%	1.2%
Diagnostic tests longer than the 6 week standard	Experience	1.0%	1.7%	1.9%	1.3%
No of children with child protection plan	Safety	n/a	191	147	n/a
Never events	Safety	0	1	2	n/a
Reported incidents – Major and catastrophic	Safety	60	27	27	n/a

Latest years figures RAG rated Green = Standard achieved / Amber = within local tolerance / Red = outside of local tolerance. Where no applicable target no RAG.

Patient safety and delivering quality outcomes will continue to remain the highest priority to ensure that individuals 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.

Annex 1 – Engagement in developing the Quality Account

Prior to the publication of the 2016/17 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 2017/18 we will continue to share our progress against the quality improvement priorities and continue to work closely with the users of our services to improve the overall quality of care offered.

Statements from commissioners, governors, OSCs and Healthwatch

Statement from Devon County Council's Health and Wellbeing Scrutiny Committee on Torbay and South Devon NHS Foundation Trust Quality Account 2016/17

Devon County Council's Health and Wellbeing Scrutiny Committee has been invited to comment on the Torbay and South Devon Healthcare Trust Quality Account. All references in this commentary relate to the reporting period 1st April 2016 to 31st March 2017 and refer specifically to the Trust's relationship with the Scrutiny Committee.

The Scrutiny Committee commends the Trust on a comprehensive Quality Account 2017-18 and believes that it provides a fair reflection of the services offered by the Trust, based on the Scrutiny Committee's knowledge.

In terms of the priorities for 2016-17 Members recognised the work undertaken by the Trust in the last year to improve the consistency and reliability of complaint investigations and associated systems for organisational learning. The Committee notes however that the objective to create a single fully integrated stroke service that supports patients, their families and carers has not progressed as rapidly as would be hoped and needs to continue to be a priority for improvement.

The Committee fully supports the Trust's Quality Priorities for Improvement 2017-18; in particular in terms of reducing delayed transfers of care which has been an issue of significant concern to members. The NHS needs to work closely with the County Council to ensure a more integrated approach across health and adult social care.

The Committee also supports improvements to patient experience measures to reflect service users' experience of care in the integrated care organisation. Members welcome the development of a new model of care which provides more community facing services, such as wellbeing coordination and enhanced intermediate care and recognises the need for patient experience to be measured at all points of contact with care.

Following the Health and Wellbeing Scrutiny Committee's spotlight review on Quality, the Committee very much hopes that regular quality and performance information will be shared via the CCG in a regular reporting cycle.

The Committee welcomes a continued positive working relationship with the trust in 2017/18 and beyond to continue to ensure the best possible outcomes for the people of Devon.

Statement from Torbay Council's Health Scrutiny Board on Torbay and South Devon NHS Foundation Trust Trust's Quality Account 2016/17

Torbay Council's Overview and Scrutiny Board are not in a position, at this point in time, to offer a commentary on the Quality Accounts. A review will take place after the end of the Pre-Election Restriction on Publicity period at which time a commentary will be provided for consideration.

Statement from South Devon and Torbay Clinical Commissioning Group on Torbay and South Devon NHS Foundation Trust Quality Account 2016/17

South Devon and Torbay Clinical Commissioning Group (SDT CCG) is lead commissioner for Torbay and South Devon NHS Foundation Trust (TSDFT) and is pleased to provide our commentary for the Trust's Quality Account for 2016_17.

SDTCCG 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 this.

We are pleased to see the progress in the development of a fully integrated care organisation following the joining of services delivered by South Devon Healthcare NHS Foundation Trust and Torbay and Southern Devon Health and Care NHS Trust in 2015. In this past year we have worked alongside the amalgamated Trust's to establish the new care model to deliver secure, sustainable and effective high quality care to our increasingly complex population. The Trust has made advances to support our community to live independent healthy lives in their preferred location. TSDFT supported engagement and discussions with the wider population to plan delivery of health care for our local population. The new Health and Well-being Centres will allow for more people to be supported at home with assistance of health and wellbeing hubs in the community. We have gained assurance that the impact of this transition is monitored by the Trust.

We would like to particularly commend the Trust on the extensive work undertaken in the Emergency Department (ED) to maintain patient safety and increase positive patient experience following the CQC visit in 2016 . We support the work undertaken to improve flow and ensure timely intervention and acknowledge the efforts by the team maintaining a sustainable improvement in quality and performance. We further note the work undertaken by the Trust to progress to system wide improvement working with South West Ambulance Foundation Trust (SWASFT) and Devon Partnership Trust (DPT).

Looking Back

We were pleased to support the quality priorities selected by the Trust last year in particular the initiative to improve the timeliness of assessment within ED as noted above. The sustained improvement of time to triage, time to medical review and compliance with the sepsis bundle has been achieved and we will continue to monitor this with the Trust.

We are also pleased to note the integration between the two existing early warning trigger tools to support prompt escalation of pressured areas to ensure timely support and intervention, prioritising safety and experience. The work undertaken over the last 12 months has ensured that each area has a bespoke series of questions to highlight any strain or areas of pressure in the service. Furthermore this tool feeds into a Trust wide dashboard which allows an overview of pressure points in the system. This dashboard is available to staff at all levels. Where areas are rated as amber targeted action is taken to ensure safe, high quality care is maintained. Where areas score red intervention is initiated, this is escalated to the senior management team and the Trust Board.

In order to ensure success we have been able to monitor the use of this intelligence as part of the TSDFT governance structure and are assured that this intelligence is used as an early warning system to improve quality.

Looking Forward

We are happy to support the five quality improvement priorities the Trust has developed through discussions with health and care teams working within the boundaries of the new care model and CCG.

The intention to standardise a risk assessment and nursing booklet for all adult inpatients is a positive step to allow for effective documentation of various patient safety issues which or that we know can cause inpatients harm. These include pressure ulcers, falls and assessments of capacity. A singular record used by the multi-disciplinary team will ensure all professionals involved in care are sighted on each patient's condition. As a patient moves through the system and is discharged this booklet will accompany them to clarify their needs and level of risk. In completing this priority we hope to see improved documentation and fewer incidents in relation to these harms.

The redesign of the outpatients pathway will be beneficial across the system in reducing duplication and improving capacity. This innovative work stream will utilise a range of appointment offers and monitor the experience of patients who use the service.

The Trust has experienced pressures in achieving early discharge of patients at Torbay Hospital. We know that delayed discharge can have a significant impact on patients and can even result in deterioration their condition. We want patients in our community to be discharged whilst fit or when fit in order to allow for the best outcomes in recovery. This in turn will positively impact length of stay and free bed capacity for those in need. We have a particular interest in this work in reference to the implementation of the new care model.

We are also pleased to note the focus on patient experience with reference to the new care model and feel assured that the views of patients, families and carers will be accounted for in this transitional time. It will be valuable to have a bespoke set of experience indicators to highlight poor and positive experience. This will be utilised by staff in those areas and by the Trust Board.

General Comments

Quality Accounts are intended to help the general public understand how their local health services are performing and should therefore be clear and readable. TSDFT have produced a comprehensive understandable Quality Account which is simple to understand and clearly set out.

We feel that the Trust's attention to quality and safety is commendable and we are pleased to note the work this undertaken in this past year to evidence sustainable improvement within the ED using clear, comprehensive data. We are also pleased to see a continued improvement in patient safety matters, including a reduction of avoidable pressure ulcers by 50% led by the Pressure Ulcer Prevention Group.

Our requirements as a CCG are to gain continual assurance that providers are demonstrating safe, high quality care for all and by working in collaboration with the Trust we are able to gain these assurances and hope to maintain this collaborative relationship.

Overall we are happy to commend this Quality Account and TSDFT for its continued focus on quality of care, patient safety and a positive patient experience.

Statement from Governors on Torbay and South Devon NHS Foundation Trust Quality Account 2016/17

2016/2017 has been a particularly challenging year for the Trust with unprecedented levels of activity within a very tight financial framework compounding the position.

Following the formation of the Integrated Care Organisation extensive consultation has taken place with the public governors, partners and other statutory organisations regarding the introduction of the new integrated care model. This has resulted in the closure of a number of community hospitals and also acute beds to support the provision of care becoming community focused, and supporting the provision of seven-day services.

The CQC final report received in June 2016 identified a number of recommendations to improve service provision. The areas predominantly focused on Emergency Department (ED) with a particular focus on patient safety and the patient experience.

Significant work has led to the identification of casual factors and there has been a systematic approach to addressing these, with significant investment in ED and other areas.

It is an indication of how well led and a whole team approach commitment that there has been considerable development and implementation in the design of the new models of care.

This is also demonstrated in the Trust for the first time in a number of years consistently meeting the four hour target for ED and that 80 per cent of attendees are clinically assessed within 15 minutes.

The Trust however continues to be challenged in meeting the Referral to Treatment (RTT) 18 week waits and 52 week waits.

Performance on the cancer targets are good with all cancer targets being met and maintained.

Governors continue to be actively involved in observing the performance of the Trust. This is facilitated by the governor observer role continuing, with membership of both statutory and strategic committees. Providing the opportunity for governors to review the actions and performance of non-executive directors and committees against the CQC key lines of enquiry. This is central to ensuring governors engagement with the safety and quality agenda and the providing of assurance on the quality of service provision, which is reported to the Quality and Compliance Committee.

Council of Governors' representatives again participated as stakeholders in the annual process for agreeing Trust priorities. The governor indicator for 2015/16 was completion of the Carers Assessment. Governors are pleased to advise that there were no errors in the sample testing of this audit.

For 2017/18 the governor indicator chosen for the quality account will be delayed discharge of care, an area which has not previously been audited.

Governors are able to confirm that they continue to receive assurance of the Trust's commitment to the safest and highest quality of health and social care. However, we do recognise that Torbay and South Devon NHS Foundation Trust provide health and social care to a population whose age and social demography provides particular challenges and that this provides even further pressure on service provision combined with the financial and human resource constraints of the NHS. We look forward to continuing to develop our participation in working together in the future.

Statement from Healthwatch (Torbay) on Torbay and South Devon NHS Foundation Trust Quality Account 2016/17

Healthwatch Torbay is the local consumer champion in health and social care. We ensure the voice of the consumer is strengthened and heard. We do this through a variety of methods, including direct contact and using digital and social media.

In 2016/17 we were able to develop this role more than ever before in our work with the Trust. We were heavily involved, throughout the year, in championing the voice of the public in the ongoing redesign of the way services will be delivered in the future. We reported how the public commented on their current experiences and the quality of the care they received. We were, additionally, requested to survey public opinion on the proposals for the redesign of the nurse triage area for the emergency department (ED) and to talk to patients about their experience following from the Take a Quarter staff training, both being proposals in last year's Account.

We are especially supportive of the use of patient experience, as stories within the report and to the development of the single point of contact for patient concerns and complaints. It is unfortunate that the Teach Back project did not complete, in this period, due to resourcing issues, as less than perfect patient transfer of care, or discharge, remains an area of both national concern and can be a cause of distress to patients and their family. The Account does describe how work to enable more patients to be discharged earlier in the day is successful in contributing to improvement in this experience.

The Account is written in a style that the public will find accessible. In our opinion, it presents a good overview of the Trust's performance, is reliable and accurate and identifies appropriate internal controls and assurances.

Statement from Healthwatch (Devon) on Torbay and South Devon NHS Foundation Trust Quality Account 2016/17

For the 2016/17 report we have supplied HealthWatch Torbay with all necessary data to enable a single response to be provided. The HealthWatch Torbay response includes all relevant input from HealthWatch Devon.

Annex 2

Statement of Directors' responsibilities in respect of the Accounts

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement 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 NHS 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 2016/17 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 2016 to May 2017
    - papers relating to quality reported to the board over the period April 2016 to May 2017
    - feedback from commissioners dated 15/05/2017
    - feedback from governors dated 15/05/2017
    - feedback from local Healthwatch organisations dated 15/05/2017
    - feedback from Overview and Scrutiny Committee dated 15/05/2017
    - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 24/05/2017
    - the 2016 national patient survey 08/06/2016
    - the 2016 national staff survey 07/03/2017
    - the Head of Internal Audit's annual opinion of the trust's control environment dated 24/05/2017
    - CQC inspection report dated 07/06/2016
- 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 NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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 (*Signature to be added post Board approval)*

Date 24.05.17  Sir Richard Ibbotson, Chairman

Date 24.05.17  Mairead McAlinden, Chief Executive

Independent Auditors' Limited Assurance Report to the Council of Governors of Torbay and South Devon 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 2017 (the 'Quality Report') and specified performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance (the "specified indicators") marked with the symbol Ⓐ in the Quality Report, consist of the following national priority indicators as mandated by Monitor:

Specified Indicators	***Specified indicators criteria*** (exact page number where criteria can be found)
Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period	*See page 148 of the quality report*
Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge	*See page 148 of the quality report*
Guidance for these indicators is available at *https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/509826/Detailed_req_for_assurance_for_qual_repts_2016_complete_final.pdf*	

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 for foundation trusts 2016/17" issued by Monitor (operating as NHS Improvement) ("NHSI").

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 the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17";
- 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 FT ARM and the "Detailed requirements for external assurance for quality reports for foundation trusts 2016/17".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17"; 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 2016 and to May 2017 (the period);
- Papers relating to quality report reported to the Board over the period April 2016 to the date of signing this limited assurance report;
- Feedback from the Commissioners South Devon and Torbay Clinical Commissioning Group dated 15 May 2017;
- Feedback from Governors dated 15 May 2017;
- Feedback from Local Healthwatch organisations Healthwatch (Devon) and Healthwatch (Torbay) dated 15 May 2017;
- Feedback from Overview and Scrutiny Committee dated 15 May 2017
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 24 May 2017;
- The national and local patient survey dated 08 June 2016;
- The national and local staff survey dated 07 March 2017;
- Care Quality Commission inspection, dated 07 June 2016; and
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 24 May 2017.

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 2017, 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 the "Detailed requirements for quality reports for foundation trusts 2016/17";
- 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 and “Detailed requirements for quality reports for foundation trusts 2016/17”and the Criteria referred to above.

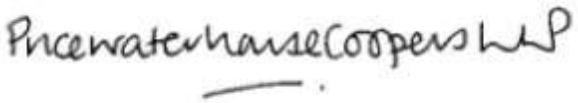
The nature, form and content required of Quality Reports are determined by NHSI. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts.

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.

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 2017:

- The Quality Report does not incorporate the matters required to be reported on as specified in the FT ARM and the “Detailed requirements for quality reports for foundation trusts 2016/17”;
- 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 FT ARM and the “Detailed requirements for external assurance for quality reports for foundation trusts 2016/17”.



PricewaterhouseCoopers LLP
Plymouth
25 May 2017
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.

Intentionally Left Blank

Torbay and South Devon NHS Foundation Trust
Headquarters
Hengrave House
Lowes Bridge
Torquay
TQ2 7AA
Switchboard: 01803 614567
HQ Fax: 01803 616334
www.torbayandsouthdevon.nhs.uk/

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: tsdft.feedback@nhs.net |

Intentionally Left Blank

Annual Accounts 2016/17

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: 24 May 2017

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 NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Torbay and South Devon NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. 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 Department of Health Group Accounting Manual and in particular to:

- observe the accounts direction issued by NHS Improvement, 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 (and the Department of Health Group Accounting 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: 24 May 2017

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 2017 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 and framework has been delegated by the Board of Directors, via the Executive Team to the Risk Group. Membership of the Risk Group includes three Executive Directors (chair is the Director of Finance who is also the designated Senior Information Risk Owner), Deputy Director of Nursing and representatives from Community Health and Social Care, Estates and Facilities Management; Information Management and Technology, Workforce and Finance and is supported by the Company Secretary, Risk Officer and Patient Safety Lead. In addition, the Executive Directors have in place a process whereby all significant risks to the achievement of service delivery unit and directorate objectives, NHS Improvement 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.

Directorate Managers are responsible and accountable to a Lead Director for the quality of the services that they manage and ensure that any identified risks are placed on the Directorate risk register. All such risks are reviewed by the relevant Directorate 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 (particularly those who achieve outstanding CQC ratings), 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 on a regular basis to either the Quality Assurance Committee, Finance, Performance and Investment Committee or Audit and Assurance Committee. The seven key groups are:- 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.

Annual Governance Statement (continued)

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. At each Board of Directors meeting, papers are provided with a report summary sheet through which Directors identify links to one or more corporate objectives and one or more overarching corporate level risks / themes.

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.

The Risk Group receives reports on any risks which could impact on the Trust's strategic objectives; particularly those risks deemed to be 'major' or 'catastrophic' or which could escalate to these levels if action is not taken. The Risk Group also oversees the development of the Trust's long term strategy and implementation of the risk management and assurance framework. A deep dive schedule was established during the year which ensures that significant risks (current risk score of 15) receives detailed scrutiny at the Risk Group, Audit and Assurance Committee, Quality Assurance Committee or Finance, Performance and Investment Committee meeting. Further information can be found within the Trust's Risk Management Policy.

Significant risks (any with a current risk score of 15 or more in accordance with the risk scoring matrix) will be reported to and considered by the Executive Team. If it is deemed that a risk is a 'corporate level' risk it will be added to the Corporate Level Risk Register as described in the Trust's Risk Management Policy.

The Corporate Register will be reviewed by the Executive Team following a Risk Group meeting to ensure that:

- the risk has been appropriately assessed and recorded;
- actions plans/points are in place and leads identified and timescales for delivery; and
- the risk and actions points/plans are monitored to completion.

Appropriate risks are escalated to the Board Assurance Framework (BAF).

The Executive Team is also responsible for:

- ensuring that programme and operational risks are actively managed within their areas of the business;
- being owner and action owner of individual risks (including those delegated by the Chief Executive Officer); and
- devising short, medium and long-term strategies to tackle identified risk, including the production of any mitigating action plans.

Annual Governance Statement (continued)

The Audit and Assurance Committee has responsibility for the review of governance, risk management and internal control covering both clinical and non-clinical areas. The Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management (including regular review of the Board Assurance Framework and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. The Audit and Assurance Committee will request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control. The Audit and Assurance Committee may review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation and make recommendation to the Board of Directors where appropriate. Where the Audit and Assurance Committee feels that there is evidence of ultra vires transactions, evidence of improper acts or if there are other important matters that the Committee wishes to raise, the Chair of Audit and Assurance Committee will raise these at a full meeting of the Board of Directors and, if appropriate, exceptionally to NHS Improvement. After each meeting, the Chair of each Committee is required to provide a summary report to the Board of Directors addressing 'key issues' and any 'key decisions/recommendations'.

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, and the corporate level risks / themes are included on all Board papers in relation to the action being taken to manage these risks.

An example of where risk management is incorporated into core Trust business is in relation to the integrated Finance, Performance, Quality and Workforce Board report. The monthly report to the Board of Directors via the Finance, Performance and Investment Committee provides commentary on performance and on key variances and improvements. The report is created by the outcomes and actions from various meetings, for example, the Efficiency Delivery Group, Service Delivery Unit Quality and Performance Review meetings and Executive Team weekly meetings. A separate and detailed 'Performance and Quality Data Book' providing detailed assurance, predominantly in table and chart form, is also taken to the Finance, Performance and Investment Committee on a monthly basis.

Another example 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 2016/17. 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 86 to 162.

Locally, there is an opportunity for regular dialogue with our partners in the South Devon health and social care community: for example through the Joint Executive meeting which involves South Devon and Torbay Clinical Commissioning Group, Torbay and South Devon NHS Foundation Trust and both Torbay and Devon Councils.

4.2 Major risks

Emergency Department and Urgent Care Services

The Care Quality Commission (CQC) Inspection in February 2016, reported in June 2016, raised serious concerns with the safety and quality of care in the Trust's urgent care pathway. The CQC re-inspected these services in May 2017, and their report is expected in June 2017. Despite positive verbal feedback, the finding of 'inadequate' for our urgent care pathway will remain on the Corporate Risk Register until this report is received.

As at October 2016, considerable improvements had been made following the implementation of a number of CQC recommendations, including revised systems and processes and significant investment in the urgent care pathway. It was during this time that the Clinical Commissioning Group in consultation with NHS England removed formal oversight. A suite of safety and quality metrics were agreed and are the subject of regular reporting to the Board of Directors and key partners, providing assurance on the sustainability of that improvement. There is a strong correlation between the achievement of those safety and quality metrics and the Trust's improving performance against the four hour standard.

Annual Governance Statement (continued)

Performance against the four hour standard achieved the agreed improvement trajectory of 92 per cent in March 2017 with 94.2 per cent achieved, however this figure remains slightly below the national standard of 95 per cent.

Most recently, a letter capturing initial feedback from the CQC re-inspection in May 2017 included the following:
The inspection team commented how the emergency department felt like a completely different department and was unrecognisable from the previous report.

Of particular note were:

- *The improvements to rapid assessment, which received positive feedback from all staff we spoke with.*
- *A new mental health assessment room, which our inspector fed back as being the best they had seen.*
- *The new paediatrics department was a much better and safer environment. Our inspectors felt it ran very well independently from the rest of the department (being self-sufficient), but was an integral part of the wider team. However, the waiting area for children was small and meant that at times children did have to wait in the main waiting room.*
- *A much improved response to trust escalation, including input and actions from the whole system. A particular highlight was the work being undertaken by the complex discharge team to identify and support discharges.*

The Urgent Care Improvement and Assurance Group meetings will continue to meet fortnightly.

Financial Sustainability

Failure to achieve the level of cost reduction necessary to deliver the mandated NHS Improvement Control Total was a major risk in 2016/17 and remains so in 2017/18; the system wide savings requirement in the coming year is just over £40 million.

The Trust initially submitted a plan for 2016/17 based on a Payment by Results (PbR) contract mechanism, delivering a surplus of £1.7 million, in line with the control total mandated by NHS Improvement and, as a result securing national Sustainability and Transformation Fund (STF) monies. The final contract arrangement for 2016/17, with the encouragement of commissioners and regulators, reinstated the Risk Share Agreement (RSA) developed in support of the integrated care model, significantly reducing previously planned income levels. With the Trust assuming a share of the system wide risk, the expected financial result for the year deteriorated from a £1.7 million surplus to an £8.6 million deficit. The Trust has been in dialogue with NHS Improvement since month one regarding the revised forecast and has been reporting the impact of the final contract arrangement to the Finance, Performance and Investment Committee and Board of Directors throughout the year.

Reflecting the challenge in delivering planned savings and a number of cost pressures, the Trust reported deterioration in the forecast deficit during quarter three, then moving to a forecast of £12.1 million after the RSA was applied; £11.04 million as reflected in NHS Improvement's reporting requirements.

In its final result for the financial year ending 31 March 2017, the Trust is reporting a £12.23 million deficit; £10.99 million as reflected in NHS Improvement's reporting requirements. Although in line with the revised financial forecast of £11.04 million, the overall deficit is £13.89 million behind the original PbR based plan.

The Trust had the opportunity to secure £6.7 million of STF funding for 2017/16, which was dependent on the delivery of the financial plan and financial performance throughout the year. In the first six months the Trust was successful in securing £3.2 million. From month seven onwards the Trust was unable to secure further STF funding as financial delivery was not in line with plan.

The underlying financial position in 2016/17 is, after a number of years of comparatively strong performance, creating a cash flow risk for the Trust. The principal approaches to managing this risk, agreed at Board are to carefully manage the capital programme, focusing on critical investment requirements only and the maintenance of the Trust's working capital facility; a fully committed facility put in place in October 2015.

Annual Governance Statement (continued)

CIP delivery remains a significant challenge and key risk on the Corporate Risk Register. The Board has acknowledged that the Trust has not been successful in realising the full extent of CIP plans and a more robust planning process, accountability framework, strengthened programme management office and more detailed reporting is in place for 2017/18, enhanced by targeted support from NHS Improvement as previously referenced.

In February 2017, NHS Improvement instigated an informal review in response to both the deteriorating financial forecast for 2016/17, but also referencing the scale of the financial challenge going forward. The purpose of the review was to diagnose the drivers of the decline in the Trust's financial position since October 2015, assess the extent to which the board and sub-committees were aware of the decline in financial performance and the appropriateness of their actions and to assess whether the controls and processes behind the Trust's plans to deliver the 2017/18 control total are robust and adequate.

The conclusion of the review is that the Trust should remain in Segment two (the Trust is offered targeted support and there are concerns in relation to one or more of the themes) as defined by the NHS Improvement Single Oversight Framework. The report, received in draft form and presented to Board, highlights a number of areas for improvement action, many of which were recognised as having been or in the process of being addressed including:

- The need for a more timely and appropriately scaled response, at Board and sub-Committee level to the management of financial pressures;
- The need for enhanced programme management arrangements to identify and support delivery of a challenging savings target;
- The development of a clear accountability framework through which budget holders are held to account for delivery; and
- Associated improvements in financial reporting,

The majority of these actions have been addressed, with the balance scheduled to be completed in the early part of 2017/18.

An additional level of Board scrutiny has been agreed with the establishment of the Financial Improvement Scrutiny Committee, which will oversee the delivery of these improved governance arrangements and the cost reduction plan for 2017/18.

To support this process, the Trust, with support from NHS Improvement, secured the assistance of a Very Senior Manager to support the Trust in delivering the 2016/17 revised deficit (improving that where possible) and to further improve the confidence in delivery of the 2017/18 plan.

Cancer 62 Day Target

The Cancer 62 day target was a risk during the year but has since returned to being above both the national standard and local trajectory. The Trust missed this target twice during the year; October and January.

Diagnostic Tests Waiting Over Six Weeks

The target for the percentage of patients waiting less than six weeks is 99 per cent, the Trust achieved 98.3 per cent for 31 March 2017. The Board has scrutinised and challenged the improvement actions needed to recover performance, and has funded additional capacity in an effort to deliver this standard, which has been successful in reducing the overall number of patients waiting more than six weeks for a Magnetic Resonance Imaging (MRI) scan with mobile van visits being commissioned to provide additional support. For Computed Tomography (CT) scans, however, capacity constraints remain due to the unavailability of specialist clinical support for cardiac CT scans. Plans are being reviewed to improve this position.

Annual Governance Statement (continued)

Referral to Treatment (RTT) 18 week waits

The target for the percentage of patients waiting under 18 weeks is 92 per cent; the Trust achieved 87.5 per cent as at 31 March 2017. The Trust has submitted a refreshed trajectory to NHS Improvement as part of the 2017/18 Operational Plan refresh, which has been approved by our Commissioner. This refresh forecasts a return to 92 per cent by March 2019, assuming targeted additional capacity can be secured and funded. This refreshed forecast reflects the recent publication of the 'Next Steps on the five year forward view' that emphasises the delivery of urgent care, cancer care and financial balance as priorities. Under-delivery of the RTT target and associated 52 plus week waits (see below) is a corporate risk for the Trust.

52 Week Waits

Growth in the number of 52 week waiters remains a significant risk and is being actively managed to ensure the number of patients waiting does not increase. A 'No cancellation' policy for greater than 52 week waiters was introduced in October 2016 and has had some impact in reducing the number of routine cases being cancelled.

Care Quality Commission (CQC) Inspection

A considerable amount of work has been undertaken to achieve compliance with all the requirements set by CQC following their inspection in February 2016 which assessed the Trust as 'Requires Improvement' and 'Outstanding' for caring.

The following tables show the Trust's CQC self-assessment across all service areas as at 26 April 2017.

Not Assessed	9
Inadequate	0
Requires Improvement	84
Good	401
Outstanding	1
Not Applicable	0
Total	**495**

1. Is it safe?	1	0	17	81	0	0
2. Is it effective?	2	0	26	71	0	0
3. Is it caring?	2	0	1	95	1	0
4. Is it responsive?	2	0	21	76	0	0
5. Is it well led?	2	0	19	78	0	0
Total	**9**	**0**	**84**	**401**	**1**	**0**

Of major concern was the CQC rating of the Trust's urgent care system as 'inadequate'. This immediately triggered an Executive-level response to escalate the pace and scale of plans already in place to improve safety, quality and performance of care in the urgent care system and audited and reported results to March 2017 indicate significant and sustained improvement.

The safety, quality and performance metrics for the urgent care system is subject to a detailed improvement plan that is monitored through the Trust's Urgent Care Improvement and Assurance Group with regular reporting to Trust Board and system partners. Performance and compliance has significantly improved since February 2016.

Ongoing bi-monthly meetings are held with the CQC lead inspector. These meetings are to review actions identified at inspection and to discuss ongoing requirements and information received, such as recent incident reports or complaints. At the last meeting in February 2017 no significant issues were raised.

Annual Governance Statement (continued)

A fully integrated CQC Assurance Group meets monthly. It is an opportunity to review any areas of concern and themes coming through from completed self-assessments, quality assessments and feedback from members. CQC action plans are reviewed monthly, with a full discussion on progress with the actions at the CQC Assurance Group. Any concerns in meeting these actions are reported to the Quality Assurance Committee.

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

The Trust has four strategic objectives which are:

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.

The corporate risks to the delivery of these strategic objectives are captured in the Corporate Risk Register summarised below:

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 / 5	1. Risk assessment, prioritisation and approval process in place to manage highest risks. High risk elements prioritised in the capital programme. 2. Planned preventative maintenance regime and asset register in place. 3. PPM performance and critical failures reported and monitored monthly. 4. Responsible persons in post (statutory). 5. Rolling programme for testing in place. 6. Capital allocation identified. 7. Annual review of system management. 8. Estates Strategy presented to Board in May 2016. 9. Board has approved plan based on actively considered risks versus maintaining a cash balance.	- Delivery against the capital plan agreed by Trust board; - PLACE (Patient-Led Assessments of the Care Environment); - Care Quality Commission (CQC) submissions / assessments

Annual Governance Statement (continued)

Governance Risk Description (strategic objective)	Consequence[i] / Likelihood[ii]	Mitigating Action	Outcome measurement
Failure to achieve key performance standard ***(objective 1)***	4 / 4	1. Performance reporting and action plans. Reports shared with the CCG. 2. Operational teams identifying additional capacity on an ad hoc basis i.e. extra lists. 3. Support from other specialties within Surgery taking on some of this backlog of work on specific patients i.e. Hernias and Lap Choles helping to create additional capacity. 4. Established clinic timetable.	- Reports from NHS Improvement regarding Trust 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 / 4	1. Bi-monthly report to Board. 2. Medical Recruitment review. 3. Nursing workforce strategy which includes overseas nursing recruitment. 4. E-Rostering system in place. 5. Restricted use of agency staff and use of bank staff wherever possible. 6. Additional support from current staff. 7. Escalation process in place.	- 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	1. Robust operational/action plan. 2. CQC inspection reports. 3. Financial viability of care homes monitored by Adult Social Care (ASC) commissioners. 4. Quality is monitored via QuESTT and bi-annual care home visits. 5. Contracts Management Group. 6. Escalation process in place.	- 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. Performance reports. 2. Deep dive reviews. 3. Monitoring and reporting of schemes. 4. Executive-led performance monitoring. 5. CIP plan. 6. Trust-wide improvement programme.	- Development of plans to release efficiency savings agreed by Trust Board of Directors.
Delayed delivery of ICO care model ***(objective 4)***	4 / 5	1. Care Model programme and detailed implementation plan. 2. Approval of investment proposals. 3. Stress testing underway to reduce investment and maximise savings against each project.	- Implementation of new models of care.
Patients from the Follow Up system may not receive required appointments resulting in critical diagnoses being missed ***(objective 1 and 4)***	4 / 4	1. Reviewing patients to ensure clinical priority is achieved. 2. Running additional clinics with established clinic timetable. 3. PTL monitoring and tracking in place. 4. Extra clinical space complete and new equipment is being purchased. 5. Virtual clinics now running in trial phase to establish best use of the time and equipment as well as issues with other sub-specialties.	- Number of patients lost to follow-up is reducing.

Annual Governance Statement (continued)

Governance Risk Description (strategic objective)	Consequence[i] / Likelihood[ii]	Mitigating Action	Outcome measurement
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 / 3	1. Escalation policy in conjunction with hospital escalation plan. Bi-monthly Urgent Care Improvement and Assurance Group (UCIAG) meetings to monitor action plan. Oversight by ED Improvement Board. 2. Two hourly board rounds during high volume situations. 3. Escalation process in place. 4. Weekly Executive Team meetings and huddle. 5. Routine performance reports. 6. Policies and procedures. 7. On call executive rota. 8. Established enhanced intermediate care and discharge to assess safer care bundle. 9. 3 times a day control meetings with real-time information and appropriate management responses. 10. Ward discharge coordinators have daily meetings to review ward discharges. 11. Risk assessment in place	- Reports from NHS Improvement regarding Trust submissions; - Quality information/assurance reported to the Quality - Improved rating from the CQC
Capacity in neurology leading to lack of new patient appointments, leading to long delay to initial assessment, threat of RTT breach. ***(objective 1)***	4 / 4	1. Action plan in place. 2. RTT trajectory updated regularly in consultation with CCG and monitored via RTT Risk & Assurance Group. 3. Agency locum registrar secured extended until end of August 2017. 4. Agency locum registrar now working without direct supervision. 5. Established clinic timetable. 6. PTL monitoring and tracking in place.	- Reports from NHS Improvement regarding Trust submissions; - Quality information/assurance reported to the Quality Assurance Committee or Finance, Performance and Investment 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**.**

Annual Governance Statement (continued)

4.4 Care Quality Commission (CQC) declaration

At 31 March 2017, 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 2016.

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 Audit and Assurance Committee, Quality Assurance Committee or Finance, Performance and Investment Committee 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 latest review was conducted between December 2016 and March 2017 and a final report is due shortly.

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 diversity, inclusion and human rights into our culture. A range of control measures are in place to ensure that the organisation complies with its obligations under Equality, Diversity and Human Rights legislation. In 2016/17 the Trust enhanced its Freedom to Speak Up Guardian network through the appointment of two Equality and Diversity Guardians, in response to issues highlighted through the Workforce RACE Equality Standard (WRES) Survey for the Trust. It is reassuring that the most recent WRES shows significant improvement in the level of Black and Minority Ethnic (BME) staff responding more positively to this Survey.

Performance is monitored via two core streams: The Joint Equalities Co-operative (for the public) which, reports to the Safeguarding/Inclusion Group and then Quality Assurance Group through to the Trust Board; and the Equality Business Forum (for staff) which reports through the Workforce and Organisational Development Group to the Trust Board.

The Trust Board of Directors receives bi-monthly reports on diversity and inclusion issues from the Chief Nurse (service user update) and the Director of Workforce and Organisational Development (workforce update). These include any updates or changes in national mandates together with any risks or

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.

Annual Governance Statement (continued)

The Trust has a carbon reduction plan in place and over the last two years will have met its obligations for reduction in tonnes of CO2 emissions by 13.6 per cent.

In line with the requirements related to climate change, robust business continuity plans including required adaptations are in place in the event of flooding and high temperatures. These are regularly updated and tested throughout the year.

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 2016 to 31 March 2017 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
24-Nov-16	Unauthorised Access	An email with an attachment that included patient identifiable data was sent to an insecure address by an approved contractor working on behalf of the Trust.	The error was identified within ten minutes of the email being sent and a full investigation was undertaken by the Head of Information Governance. An internal review was also undertaken by the approved contractor with disciplinary actions being discussed. The supplier's remote access has been reviewed in line with the information governance requirements specified within the contract. This stated that no patient identifiable information should leave the Trust. The Trust has reviewed its own internal processes and made changes.

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 2016/17 were assessed as being of low or little significant risk. The Trust declared level two compliance against the information governance toolkit requirements by 31 March 2017. A new action plan will be created to deliver improvements against the 2017/18 information governance toolkit and will be overseen by the Information Governance Steering Group which is chaired by the senior information risk owner.

Annual Governance Statement (continued)

4.9 Annual quality report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare quality accounts for each financial year. NHS Improvement (in exercise of the powers conferred on 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.

Prior to the publication of the 2016/17 Quality Report, overseen by the Chief Nurse as lead director, The Trust has shared this document with:

- Our Trust governors, commissioners and Board of Directors;
- Healthwatch;
- Torbay Council Health Scrutiny Board;
- Devon County Council's Health and Wellbeing Scrutiny Committee;
- Trust staff; and
- Carers Group.

As in previous years, the Trust continues to hold an annual Quality Report engagement event inviting key stakeholders to come together and recommend the priority areas to be included in this year's report.

The feedback from the event continues to be positive with stakeholders feeling engaged in the development of the Quality Report and receiving feedback from the work undertaken in the previous year.

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 Chief Nurse 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.

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 following performance indicators an internal audit review was undertaken covering data collected from the 2016/17 financial year, discussions with staff and testing of the relevant controls, processes and data.

- Child and Adolescent Mental Health Services (CAMHS) - percentage of patients waiting under 18 weeks at month end;
- Diagnostic tests longer than the six week standard;
- Number of delayed discharges; and
- Arrival to first vital signs – could this be severe sepsis = yes (for adults as reported in the emergency department weekly metrics report).

Annual Governance Statement (continued)

Overall the data quality was satisfactory, with no areas for improvement identified for diagnostic tests or severe sepsis performance indicators.

Some variance between the reported figures and the actual figures based on up-to-date data at the time of the audit fieldwork was identified for the other two indicators. These variances were caused in part by timing differences due to subsequent updating of data and also where an incomplete cohort of data was being reported. Full details were reported to the Audit and Assurance Committee on 12 April 2017.

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 Information Technology Group.

In 2017/18 the Trust will continue to share 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.

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

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 11,000 Foundation Trust public members, providing a key focus for our engagement work within South Devon. Established objectives are supported by quantifiable and measurable outcomes. Following their meeting in February 2017, governors have agreed to write a new Governor Strategy.

- 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 Integrated Finance, Performance, Quality and Workforce 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 internal audit review of governance was undertaken during the year and reported to the Audit and Assurance Committee and Board of Directors.

- Through the Finance, Performance and Investment Committee, the Trust has arrangements for planning and managing financial and other resources in place.

- The Single Oversight Framework came into effect on 1 October 2016 and at month 12 the Trust is projected to deliver a rating of four under the new 'Use of Resources' rating (Rating of 1 = best, Rating of 4 = poorest).

  Additional arrangements, as described in section 4.2 have been established in response to the growing financial challenge and the informal review undertaken by NHS Improvement, enhancing the Trust's financial governance arrangements and building its capacity ad capability in financial management and planning.

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

Annual Governance Statement (continued)

6.0 Review of effectiveness

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. Health and Safety issues and serious adverse events are also reported to this Committee.
- **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.
- **Financial Improvement Scrutiny Committee –** This Committee has been created to specifically focus on the Trust's Financial Improvement Plan (FIP), and is not intended to replicate or replace the current Committee structure that supports the Board and assures the wider aspects of a well governed organisation. Given the specific focus of this Committee, its role will be reviewed by the Trust Board by no later than February 2018 to establish its relevance and effectiveness going forward. The FIP has five critical success measures which the Committee will review monthly on behalf of the Board, these are:

  1. Delivery of the Trust income plan.
  2. Management of expenditure controls within Trust Board approved budgets.
  3. Delivery of the Trust's Financial Improvement Plan.
  4. Management of the cash position within approved limits by NHS Improvement.
  5. Advice to the Trust Board on the robustness of the current Governance, Accountability and Scrutiny systems that inform Board decision making.

  Seven main groups that report to the Quality Assurance Committee, Finance, Performance and Investment Committee or Audit and Assurance Committee:

Annual Governance Statement (continued)

i. 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.

ii. **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.

iii. **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. Measurement

The lead director for this group is the Medical Director.

iv. **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 Director of Workforce and Organisational Development.

v. **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.

vi. **Information Management and Information Technology (IM&IT) Group** - Leads the development and implementation of the IM&IT 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 Finance.

vii. **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.

Annual Governance Statement (continued)

viii. **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 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 including valuation of equipment, land and buildings, 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.

- Reviews and reports conducted and received from Regulators, both the Care Quality Commission and NHS Improvement received in the year, particularly relating to the management of Urgent and Emergency Care and financial management.

- Internal audit, who have conducted reviews against management of volunteers, urgent care, contracting with the voluntary sector, staff safety – lone working practices in the community, health and safety (reporting and visibility of non-clinical incidents including sharps incidents), cyber security, PEG feeding and medication, purchasing cards, Non-Medical Prescribing (Acute), reporting of agency staff usage, day and domiciliary care payments - contract process assurance, care assessment process (in light of the care act and eligibility), charitable funds, corporate secretary function, performance indicators - data quality, business cases and placed people (individual patient placements). 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.

- 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. Some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. We highlight the Trust's financial position which changed significantly during the course of the financial year. Over the 12 month period the Trust's forecast year-end financial position deteriorated. The Trust is reporting a final year end pre-audited deficit position of £12.23 million (adjusted to £10.99 million under NHSI reporting rules) against an initial forecast deficit of £6.2 million (Month 1) after re-instatement of the Risk Share Agreement between the Trust, South Devon & Torbay Clinical Commissioning Group and Torbay Council. The forecast deficit position then rose to £8.6 million as at Month 4.

Annual Governance Statement (continued)

The Trust has taken a number of actions during the year to try to recover the increasing deficit, including a 'Call to Action' to all staff in December 2016 to engage them in reducing expenditure and putting in place a Recovery Plan to identify schemes to deliver the shortfall in CIP savings, slippage savings and to additional cost pressures which had arisen. This was, however, not until the end of Quarter 3, placing additional pressure on staff to deliver the required level of savings. The Trust received external support from NHSI to provide support in identifying opportunities to improve the financial position. There remain areas for development including simplifying and enhancing the approach to defining, reporting and communicating the financial position including for CIP savings. Although our work over the year has identified areas where improvements could be made to the system of internal control, we highlight the Trust's continued emphasis on the control environment and the proactive approach that has been taken over its response to internal audit work.

7.0 Conclusion

The Trust has faced a number of significant challenges in 2016/17; service standards required improvement for patients receiving urgent and emergency care and, like many organisations across the NHS, the financial environment has created challenges in delivering the Trust's financial targets and improvements to accountability, monitoring and reporting systems are underway. In reviewing systems and processes in these areas governance arrangement have been enhanced and further controls established to best ensure delivery of these important measures into the future.

Signed

Mairead McAlinden
Chief Executive **Date: 24 May 2017**

Torbay and South Devon NHS Foundation Trust

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

Mairead McAlinden **Date: 24 May 2017**
Chief Executive

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 Foundation Trust's Group and Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and the Trust's affairs as at 31 March 2017 and of the Group's income and expenditure and of the Group's and the Trust's cash flows for the year then ended; and
- have been properly prepared in accordance with the Department of Health Group Accounting Manual 2016/17.

What we have audited

The financial statements comprise:

- the Consolidated and Parent Trust's Statement of Financial Position as at 31 March 2017;
- 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

Certain required disclosures have been presented elsewhere in the Annual Report and Annual Accounts 2016/17 (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is the Department of Health Group Accounting Manual 2016/17.

Our audit approach

Context

Our audit for the year ended 31 March 2017 was planned and executed on the basis that the Group and Trust's operations and financial risk were largely unchanged in nature from the previous year. There continues to be a risk of overstatement of revenue and understatement of expenditure in order to misstatement the financial position. The Trust reported a surplus in the prior year due to a gain on absorption accounting following the acquisition of the former Torbay and South Devon Health and Care Trust. Excluding this adjustment the Trust made a deficit, and there is therefore incentive to overstate the performance in order to show delivery against one of the key objectives of the integrated care organisation which was to deliver financial sustainability in the local health economy. During the year, the Trust started to implement its integration plans and completed a public consultation on the future of how community services will be delivered. The result of which was that there were some community hospitals identified which will be surplus to requirements but are still in use as at 31 March 2017. There has been no impact on their valuation or disclosure for the year ended 31 March 2017.

We have focused our work on the economy, efficiency and effectiveness in use of resources and particularly on the performance in the Emergency Department following the significant concerns raised by the CQC last year as part of their inspection in February 2016.

Overview

- Overall materiality: £8,058,960 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
- Revaluation of land and buildings

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 of Audit Practice") 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*
Risk of fraud in income and expenditure recognition *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.* There continues to be financial challenges in the NHS as demand outstrips funding available. There is greater scrutiny on financial performance within the Group and Trust as the Trust work towards delivering the benefits associated with the Integrated Care Organisation business, 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. The Trust has a risk share agreement in place with the Clinical Commissioning Group and Torbay Council through which 50% of variance against plan will be received by, or payable to the counterparties. This includes additional expenditure associated with funded nursing costs within adult social care. In addition and in line with other Trusts, non-contractual income is received during the year, for example winter pressure funding. We therefore determined the risks to be: • inappropriate recognition of revenue from 2017/18 to 2016/17 in order to improve the current year position; • inappropriate recognition of revenue during 2016/17 to achieve quarterly control totals necessary for STF funding; • inappropriate recognition of revenue where the performance obligation has not occurred; • inappropriate calculation and recognition of risk share agreement income; and • deferral of expenditure from 2016/17 to 2017/18, through an understatement of liabilities, or an overstatement of prepayments.	**Revenue** We evaluated and tested that the accounting policy for income and expenditure recognition was consistent with the requirements of the DH Group Accounting Manual. 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 verified the risk share income calculations back to the underlying agreement, invoices and cash receipts. We verified contract performance penalties and agreed these back to supporting documentation. 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. ***Intra- NHS balances*** We examined intra-NHS confirmations received by the Trust (through NHSIs '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. ***Expenditure*** 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. We compared the value of accruals and prepayments recognised in the current year, and the prior year for indication of understatement. We tested the accruals and deferred revenue at the half-year and year-end for indication of misstatement. We also tested provisions to check that they were valid and not understated.

Area of focus	How our audit addressed the area of focus
	Manipulation through journal entries 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 expenditure which do not debit creditors or inventory. Where unusual journals were identified, we traced them back to supporting documentation to verify our understanding of the journal and corroborate the amount recorded. No material exceptions were noted in the procedures performed on risk of fraud in revenue and expenditure recognition.
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 £173.3 million, represents the largest balance in the Trust's statement of financial position. The value of land is £7.6 million and of buildings is £134 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, to consider the value of the existing land and buildings following changes in Building Cost Information Service (BCIS) indices in the year, and to consider the impact of clarification in guidance to value Private Finance Initiative (PFI) contracts net of VAT. 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.	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 the gross internal area used by the Trust's valuer was accurate. 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.

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:

Overall Group materiality	£8,058,960 (2016: £6,307,403).
How we determined it	2% of revenue (2016: 2% of revenue)
Rationale for benchmark applied	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 £250,0000 (2016: £250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Other reporting

Opinions on other matters prescribed by the Code of Audit Practice

- 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 parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2016/17; and

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017;

As explained in section 4.2 of the Annual Governance Statement the Trust was inspected by CQC in February 2016 and received a final report in June 2016 which highlighted significant risk to safe care of patients in the emergency department. The Trust has since responded to these recommendations and in October 2016 the recommendations were deemed to be sufficiently addressed such that oversight arrangements in response to the CQC inspection reverted back to existing CCG assurance arrangements.

Except for the matter identified above which suggests weaknesses in understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management between April and October 2016, we have nothing to report as a result of this requirement."

Other matters on which we report by exception

We are required to report to you if:

- information in the Annual Report is:
  - materially inconsistent with the information in the audited financial statements; or
  - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Trust acquired in the course of performing our audit; or
  - otherwise misleading.
- the statement given by the directors on page 22 of the Annual Report, 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 Trust's performance, business model and strategy is materially inconsistent with our knowledge of the Trust acquired in the course of performing our audit.
- the section of the Annual Report on page 29, 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.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17 or is misleading or inconsistent with our knowledge acquired in the course of performing 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 referred a matter to Monitor under Schedule 10 (6) of the National Health Service 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.

- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.

We have no matters to report in relation to these responsibilities.

Respective responsibilities of the Directors and the Auditor

As explained more fully in the Accountability Report 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 Department of Health Group Accounting Manual 2016/17.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Code of Audit Practice, and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We are required under Schedule 10(1) of the National Health Service 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 of Audit Practice, 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 our on risk assessment, we undertook such work as we considered necessary.

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's 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.

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 of Audit Practice.

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth
25-May-17

(a) 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 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 2017

	Note	Financial performance assessed by NHSI 2016/17 £000	Accounting transactions that are not part of the metrics used by NHSI to assess financial performance 2016/17 £000	Total 2016/17 £000	Financial performance assessed by NHSI 2015/16 £000	Accounting transactions that are not part of the metrics used by NHSI to assess financial performance 2015/16 £000	Total 2015/16 £000
Income from patient and social care activities	2.1	358,785	0	358,785	280,168	0	280,168
Other operating income	3.1	42,547	1,616	44,163	38,388	2,737	41,125
Operating income		**401,332**	**1,616**	**402,948**	**318,556**	**2,737**	**321,293**
Operating expenses	4	**(406,872)**	**(3,103)**	**(409,975)**	**(324,834)**	**(11,071)**	**(335,905)**
Operating (deficit) / surplus before financial income and expenses		**(5,540)**	**(1,487)**	**(7,027)**	**(6,278)**	**(8,334)**	**(14,612)**
Finance costs							
Financial income	7	**75**	**0**	**75**	**114**	0	**114**
Financial costs	8	**(3,381)**	**0**	**(3,381)**	**(2,305)**	0	**(2,305)**
Unwinding of discount on provisions	19	**(11)**	**0**	**(11)**	**(50)**	0	**(50)**
PDC Dividends payable		**(2,107)**	**0**	**(2,107)**	**(2,038)**	0	**(2,038)**
Net finance costs		**(5,424)**	**0**	**(5,424)**	**(4,279)**	**0**	**(4,279)**
Gains/(losses) of disposal of assets		**0**	247	**247**	0	(22)	(22)
Gain from transfers by absorption	29.1	**0**	**0**	**0**	0	31,843	31,843
Corporation tax expense		**(27)**	**0**	**(27)**	(26)	0	**(26)**
(Deficit) / Surplus for the financial year from continuing operations		**(10,991)**	**(1,240)**	**(12,231)**	**(10,583)**	**23,487**	**12,904**
Other comprehensive income							
Revaluations of property, plant and equipment		**0**	**(429)**	**(429)**	**0**	1,581	1,581
Other reserve movements		**0**	**0**	**0**	**0**	(250)	(250)
Total comprehensive income / (expense) for the year		**(10,991)**	**(1,669)**	**(12,660)**	**(10,583)**	**24,818**	**14,235**

Transactions excluded by Monitor when assessing a Foundation Trust's Financial performance

NHS Improvement (NHSI) 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 NHS Improvement's assessment of financial performance: -

	Note	2016/17 £000	2015/16 £000
Other operating income			
Revenue funds provided by Department of Health offset by repayment of PDC Capital	2.1	0	2,500
Charitable and other contributions to capital expenditure	10.1	1,616	237
Sub-total		**1,616**	2,737
Operating expense			
Net Impairment expenditure	10.3	(2,613)	(9,607)
Depreciation on Donated and Government Granted Assets		(490)	(597)
Non recurrent costs on the acquisition of another NHS organisation (* see below)	-	0	(1,464)
Sub-total		**(3,103)**	**(11,668)**
Gain from transfers by absorption	30.1	**0**	**31,843**
Revaluations of property, plant and equipment	10.3	**(429)**	**1,581**
Other reserve movements	SoCITE	**0**	**(250)**

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 incurred non recurrent expenditure totalling £1,464,000 on transactional costs relating to the acquisition of Torbay and Southern Devon Health and Care NHS Trust. The transactional costs incurred included staff costs as well as professional and legal support fees. These costs were included within Operating Expenses. No external financial support was received in year to offset these costs. There have been no such costs incurred in 2016/17.

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 2017

	Note	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Non-current assets					
Intangible assets	9	8,471	7,357	8,471	7,357
Property, plant and equipment	10	173,262	166,800	173,262	166,800
Investments in associates and joint ventures	11	35	0	35	0
Trade and other receivables	13	2,132	1,936	2,590	2,424
Total non-current assets		183,900	176,093	184,358	176,581
Current assets					
Inventories	12	7,275	6,418	6,677	5,785
Trade and other receivables	13	20,598	20,572	20,460	20,411
Non-current assets for sale and assets in disposal groups	14	163	0	163	0
Cash and cash equivalents	20	4,636	23,572	4,170	23,253
Total current assets		32,672	50,562	31,470	49,449
Total assets		216,572	226,655	215,828	226,030
Current liabilities					
Trade and other payables	16	(30,700)	(32,418)	(30,229)	(31,980)
Borrowings	18	(7,496)	(6,375)	(7,496)	(6,375)
Provisions	19	(451)	(540)	(451)	(540)
Other liabilities	17	(876)	(882)	(876)	(882)
Total current liabilities		(39,523)	(40,215)	(39,052)	(39,777)
Non-current liabilities					
Borrowings	18	(83,779)	(82,354)	(83,779)	(82,354)
Provisions	19	(3,893)	(3,938)	(3,893)	(3,938)
Total non-current liabilities		(87,672)	(86,292)	(87,672)	(86,292)
Total liabilities		(127,195)	(126,507)	(126,724)	(126,069)
Net current (liabilities) / assets		(6,851)	10,347	(7,582)	9,672
Net assets employed		**89,377**	**100,148**	**89,104**	**99,961**
Financed by Taxpayers' equity					
Public dividend capital		61,868	59,979	61,868	59,979
Revaluation reserve		36,327	37,071	36,327	37,071
Income and expenditure reserve		(8,818)	3,098	(9,091)	2,911
Total taxpayers' equity		**89,377**	**100,148**	**89,104**	**99,961**

The notes on pages 5 to 36 form part of the financial statements

The accounts on pages i to xxvii and pages 1 to 36 were approved by the Board of Directors on 24 May 2017 and signed on its behalf by: -

Mairead McAlinden
Chief Executive **Date: 24 May 2017**

Torbay and South Devon NHS Foundation Trust
Consolidated Statement of changes in taxpayers equity
For the year ended 31 March 2017

		Group			
	Note	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure reserve £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2016/17					
Balance at 1 April 2016		**59,979**	**37,071**	**3,098**	**100,148**
Deficit for the year		0	0	(12,231)	(12,231)
Revaluations of property, plant and equipment	10.3	0	(429)	0	(429)
Asset Disposals		0	(58)	58	0
Transfers by absorption - transfers between reserves	29.1	0	0	0	0
Movements in PDC in year		1,889	0	0	1,889
Transfers between reserves	10.3	0	(257)	257	0
Other reserve movements		0	0	0	0
Balance at 31 March 2017		**61,868**	**36,327**	**(8,818)**	**89,377**

		Trust			
	Note	£000	£000	£000	£000
Changes in taxpayers' equity for 2016/17					
Balance at 1 April 2016		**59,979**	**37,071**	**2,911**	**99,961**
Deficit for the year		0	0	(12,317)	(12,317)
Revaluations of property, plant and equipment	10.3	0	(429)	0	(429)
Asset Disposals		0	(58)	58	0
Transfers by absorption - transfers between reserves	29.1	0	0	0	0
Movements in PDC in year		1,889	0	0	1,889
Transfers between reserves	10.3	0	(257)	257	0
Other reserve movements		0	0	0	0
Balance at 31 March 2017		**61,868**	**36,327**	**(9,091)**	**89,104**

		Group			
Changes in taxpayers' equity for 2015/16	Note	Public dividend capital (PDC) £000	Revaluation reserve £000	Income and Expenditure reserve £000	Total Taxpayers' equity £000
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		0	1,581	0	1,581
Asset Disposals		0	(102)	102	0
Transfers by absorption - transfers between reserves	29.1	(351)	11,949	(11,598)	0
Movements in PDC in year		(2,500)	0	0	(2,500)
Transfers between reserves		0	(5,436)	5,436	0
Other reserve movements		0	0	(250)	(250)
Balance at 31 March 2016		**59,979**	**37,071**	**3,098**	**100,148**

		Trust			
	Note	£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		0	1,581	0	1,581
Asset Disposals		0	(102)	102	0
Transfers by absorption - transfers between reserves	29.1	(351)	11,949	(11,598)	0
Movements in PDC in year		(2,500)	0	0	(2,500)
Transfers between reserves		0	(5,436)	5,436	0
Other reserve movements		0	0	(250)	(250)
Balance at 31 March 2016		**59,979**	**37,071**	**2,911**	**99,961**

Description of reserves

Public dividend capital

For further description of the Public Dividend Capital see note 1.7. During the year the Trust received £1,889k of PDC Dividend Capital. The Capital received was used to fund part of the Trust's capital expenditure program. During 2015/16 the Trust repaid £2,500k of PDC to the Department of Health. 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 was 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. Please refer to note 10.3 to the accounts for further details of movements applied in year.

Torbay and South Devon NHS Foundation Trust
Consolidated Statement of cash flows
For the year ended 31 March 2017

	Note	Group 2016/17 £000	Group 2015/16 £000	Trust 2016/17 £000	Trust 2015/16 £000
Cash flows from operating activities					
Operating (deficit) from continuing operations		(7,027)	(14,612)	(7,140)	(14,768)
Operating cash flow before changes in working capital and provisions		**(7,027)**	**(14,612)**	**(7,140)**	**(14,768)**
Changes in working capital and provisions					
Depreciation and amortisation	4.1	8,770	9,488	8,770	9,488
Impairments and reversals of impairments	4.1	2,613	9,607	2,613	9,607
Income recognised in respect of capital donations (cash and non-cash)		(1,616)	(237)	(1,616)	(237)
(Increase) in trade and other receivables		(575)	(2,243)	(598)	(2,150)
(Increase) in inventories		(857)	(369)	(892)	(149)
Increase in trade and other payables		139	2,504	108	2,215
(Decrease) in other current liabilities		(6)	(45)	(6)	(45)
(Decrease) in provisions		(145)	(132)	(145)	(132)
Tax paid		(25)	0	0	0
Net cash generated from operating activities		**1,271**	**3,961**	**1,094**	**3,829**
Cash flows from investing activities					
Interest received		75	114	75	144
Purchase of financial assets		(35)	0	(35)	0
Payments for intangible assets		(2,373)	(3,005)	(2,373)	(3,005)
Payments for property, plant and equipment		(18,968)	(11,521)	(18,968)	(11,521)
Proceeds from disposal of plant, property and equipment		265	0	265	0
Receipt of cash donations to purchase capital assets		1,616	0	1,616	0
Prepayment of PFI capital contributions (cash)		0	(37)	0	(37)
Net cash used in investing activities		**(19,420)**	**(14,449)**	**(19,420)**	**(14,419)**
Net cash outflow before financing		**(18,149)**	**(10,488)**	**(18,326)**	**(10,590)**
Cash flows from financing activities					
Public dividend capital received		1,889	0	1,889	0
Public dividend capital repaid		0	(2,500)	0	(2,500)
Loans received from the Independent Trust Financing Facility		8,855	30,892	8,855	30,892
Loans repaid to the Independent Trust Financing Facility	18	(5,772)	(4,416)	(5,772)	(4,416)
Capital element of finance lease rental payments		(15)	0	(15)	0
Other Capital Receipts *		0	0	30	30
Capital element of Private Finance Initiative obligations		(631)	(296)	(631)	(296)
Interest paid		(1,568)	(1,311)	(1,568)	(1,311)
Interest element of finance lease		(2)	0	(2)	0
Interest element of Private Finance Initiative obligations		(1,752)	(928)	(1,752)	(928)
PDC Dividend paid		(1,791)	(2,283)	(1,791)	(2,283)
Net cash generated from financing activities		**(787)**	**19,158**	**(757)**	**19,188**
Net (decrease)/increase in cash and cash equivalents		(18,936)	8,670	(19,083)	8,598
Cash and cash equivalents at the beginning of the financial year		23,572	12,061	23,253	11,814
Cash and cash equivalents transferred by absorption		0	2,641	0	2,841
Cash and cash equivalents at the end of the financial year	20	**4,636**	**23,572**	**4,170**	**23,253**

* Other Capital Receipts totalling £30,000 (2015/16 £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 2016/17 issued by Monitor. The accounting policies contained in that manual follow IFRS, Department of Health's Group Accounting Manual 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 2017. 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 surplus for the 2017/18 financial year of £4.8m however this is dependent upon savings and efficiencies totalling circa £43m across the local health and social economy being realised. Failure to release these savings and meet NHSI's financial target would see a loss of Sustainability and Transformational Funding (STF) totalling £5.8m. The Trust's planned surplus for 2018/19 is £8.6m. Achievement of this surplus position is dependent upon a further circa £20m of savings being realised in 2018/19. Failure to deliver these savings will also result in the loss of STF totalling £5.8m in 2018/19. 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:

Valuation of the Trust's Tangible assets
During 2016/17 the Trust commissioned the District Valuation Office to undertake an interim valuation review of the Trust's Land, Buildings (excluding Dwellings) and Dwellings as at 31st March 2017. The outcome of the review is described in note 10.3 to these accounts.

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. During 2016/17 and 2015/16 the Trust Board received financial information on its operations as a whole. Only in instances of significant variation to planned budget does the Trust Board receive a more detailed analysis of costs and income. No significant variations at a Divisional level occurred during 2016/17. In addition to the routine financial board report information, the Board is provided with National Reference cost data when ever a major investment is proposed. Trust clinicians are also provided with detailed Service Line Reporting financial information that enables the financial contribution of each clinical procedure to be understood.

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 2015/16 and 2016/17 the Trust requested interim valuations from the District Valuation Office to determine whether MEA impairments were required in resect of material construction schemes that were brought into use during both financial years and whether land values and construction costs had changed materially during the course of the year.

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 50
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 (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 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 there from 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 / NHS Improvement and are therefore not applicable to the Trust's accounts.. The FT cannot adopt new standards unless they have been adopted in the FT ARM and the Department of Health Group Accounting Manual as issued by Monitor / NHS Improvement respectively.

i) IFRS 9 Financial Instruments
Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted.

ii) IFRS 14 Regulatory Deferral Accounts
Not yet EU endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DH group bodies

iii) IFRS 15 Revenue from Contracts with Customers
Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM; early adoption is not therefore permitted.

iv) IFRS 16 Leases
Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM; early adoption is not therefore permitted.

1.22 Accounting standards that have been adopted early

No new accounting standards or revisions to existing standards have been early-adopted in 2016/17

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.

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

2.1 Income from patient and client care activities - by activity

	2016/17 £000	2015/16 £000
Elective income	36,679	39,712
Non elective Income	61,402	57,240
Outpatient income	53,111	53,431
A&E income	8,520	8,269
Other NHS clinical income	59,704	47,635
Total Acute income at full tariff (protected)	**219,416**	**206,287**
Community income - NHS	84,021	39,157
Community income - non-NHS	53,744	30,789
Total Community income	**137,765**	**69,946**
Additional income for delivery of healthcare services	0	2,500
Private patient income	842	699
Other non-protected patient and client care income	762	736
Total income from patient and client care activities	**358,785**	**280,168**

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 NHSI Improvement when assessing the Trust's financial performance

2.2 Total income from patient and client care activities

Commissioner-Requested Services	357,181	278,733
Non commissioner-Requested Services	1,604	1,435
Total services	**358,785**	**280,168**

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

	2016/17 £000	2015/16 £000
NHS Foundation Trusts	45	16
NHS Trusts	203	118
CCG's & NHS England	296,672	242,752
Local Authorities	48,469	9,278
Department of Health - grants	11	0
NHS Other	240	222
Non-NHS: private patients	674	654
Non-NHS: overseas patients (non-reciprocal)	158	44
Non-NHS: NHS Injury Scheme	728	699
Non-NHS: other	11,585	23,885
Additional income for delivery of healthcare services	0	2,500
Total income from patient and client care activities	**358,785**	**280,168**

NHS Injury Scheme income is subject to a provision for doubtful debts of 22.94% (2015/16 21.99%) to reflect expected rates of collection.

2.4 Income from overseas patients - analysis

	2016/17 £000	2015/16 £000
Income (as disclosed in note 2.3)	158	44
Cash payments received in-year	127	52
Amounts added to provision for impairment of receivables	0	0
Amounts written off in-year	7	5

3.1 Other operating income

	2016/17 £000	Restated 2015/16 £000
Research and development	1,321	1,439
Education and training	7,898	7,587
Charitable and other contributions to capital expenditure - donation of physical assets	0	237
Charitable and other contributions to capital expenditure - cash donations	1,616	0
Charitable and other contributions to revenue expenditure	1,112	1,100
Non-patient care services to other bodies	3,835	6,443
Sustainability and Transformational Fund income	3,210	0
Revenue received from operating leases	691	679
Other income	24,480	23,640
Total other operating income	**44,163**	**41,125**

Other income includes £16.1m sales (2015/16 £16.0m) from the Trust's Pharmacy Manufacturing Unit. Other Income also includes £1.8m (2015/16 £1.8m) from hosting the Audit South West - Internal Audit Counter Fraud and Consultancy Services.

Restatement of 2015/16 comparatives. During 2015/16 the 'Reversal of Impairments' was reported to Other Operating Income. The value reported totalled £3,761k. During 2016/17 NHS Improvement have advised Trust's to net these 'Reversal of Impairment' values against 'Impairment Charges' arising and report the overall net value within Operating Expenditure. Accordingly the comparatives have been restated.

3.2 Operating lease income

	2016/17 £000	2015/16 £000
Rents recognised as income in the year	691	**679**
	691	**679**

Future minimum lease payments due

	2016/17 £000	2015/16 £000
Not later than one year	710	691
Later than one and not later than five years	5	20
	715	**711**

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 2016/17 this income totalled £676,000 (2015/16 £664,000)

4 Operating expenses

4.1 Operating expenses comprise:

	2016/17 £000	Restated 2015/16 £000
Services from other NHS Foundation Trusts	814	927
Services from NHS Trusts	480	1,079
Services from CCGs and NHS England	268	0
Purchase of healthcare from non NHS bodies	24,936	14,987
Purchase of social care	51,842	23,597
Executive Directors' costs	1,419	1,136
Non Executive Directors' costs	152	147
Staff costs	222,469	184,270
Supplies and services - clinical (excluding drug costs)	24,827	24,446
Supplies and services - general	5,090	4,655
Establishment	2,437	2,632
Research and development (not included in employee expenses)	57	90
Research and development (included in employee expenses)	1,429	1,402
Transport (business travel only)	1,414	1,130
Transport (other)	904	927
Premises	13,948	14,031
Increase / (Decrease) in provision for impairment of receivables	173	245
Change in provisions discount rates	405	0
Inventories written down	66	23
Drug costs (non inventory)	1,390	1,199
Drug Inventories consumed	30,899	28,080
Rental under operating leases - minimum lease payments	1,528	1,348
Rental under operating leases - contingent rent	147	135
Depreciation on property, plant and equipment	8,210	8,758
Amortisation on intangible assets	560	730
Net impairments of property, plant and equipment	2,613	9,607
Audit services - statutory audit	92	87
Other auditors' remuneration - other services	27	16
Clinical negligence	4,980	4,217
Legal Fees	51	185
Consultancy costs	22	48
Internal Audit pay costs	692	663
Training, courses and conferences	950	836
Redundancy - (not included in employee expenses)	0	241
Insurance	67	132
Grossing up consortium arrangements	1,194	1,094
Other	3,423	2,805
Total operating expenses from continuing operations	**409,975**	**335,905**

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 2016/17 was £63,200 (2015/16, £61,750) excluding VAT. The statutory audit costs for 2015/16 included an additional premium of £16,000 to cover the additional expense of auditing the acquisition transaction. In addition to this fee PwC audit the wholly owned subsidiary of the Trust, the results of which are consolidated into these financial statements. The 2016/17 statutory audit fee for the subsidiary amounts to £5,250 (2015/16 £5,125) excluding VAT.

Other auditors' remuneration includes: Other audit-related services total £0 in 2016/17 (2015/16; £12,000) and Other non audit services totalled £26,500 in 2016/17 (2015/16, £3,750). PwC also audit the accounts of Torbay and South Devon NHS Charitable Fund, the audit fee for the statutory audit in 2016/17 was £5,100 (2015/16, £5,000) excluding VAT, this is not included in the above.

At its meeting on 20 July 2016 the Council of Governors agreed to extend the external auditor contract with PricewaterhouseCoopers (PwC) until 31 March 2018. The engagement letter signed on 20 February 2017 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 (2015/2016 £1m).

4.2 Arrangements containing an operating lease

	2016/17 Land £000	2016/17 Buildings £000	2016/17 Plant & Machinery £000	2016/17 Other £000	2016/17 Total £000
Minimum lease payments	0	797	337	394	**1,528**
Contingent rents	0	147	0	0	**147**
	0	**944**	**337**	**394**	**1,675**

	2015/16 Land £000	2015/16 (restated) Buildings £000	2015/16 Plant & Machinery £000	2015/16 (restated) Other £000	2015/16 (restated) Total £000
Minimum lease payments	0	604	380	364	**1,348**
Contingent rents	0	135	0	0	**135**
	0	**739**	**380**	**364**	**1,483**

Total future minimum lease payments

	Land 31 March 2017 £000	Buildings 31 March 2017 £000	Plant & Machinery 31 March 2017 £000	Other 31 March 2017 £000	Total 31 March 2017 £000
Payable:					
Not later than one year	0	620	170	141	931
Later than one and not later than five years	0	2,075	178	116	2,369
Later than five years	0	415	0	0	415
Total	**0**	**3,110**	**348**	**257**	**3,715**

Total future minimum lease payments

	Land 31 March 2016 £000	Buildings 31 March 2016 (restated) £000	Plant & Machinery 31 March 2016 £000	Other 31 March 2016 (restated) £000	Total 31 March 2016 (restated) £000
Payable:					
Not later than one year	0	706	241	271	1,218
Later than one and not later than five years	0	2,435	266	136	2,837
Later than five years	0	835	0	0	835
Total	**0**	**3,976**	**507**	**407**	**4,890**

Included in these commitments is £1.4m (2015/16 restated: £1.7m) for Regent House, a building in Regent Close, Torquay, which has a 15 year lease expiring in 2021, with rent reviews every 5 years. The 'other' category relates to the lease of Lease Vehicles. The Trust also acts as an agent for members of staff leasing vehicles through a salary sacrifice scheme and the lease commitments of £0.8m (2015/16: £0.8m) relating to these vehicles are not included in the figures disclosed above.

5 Staff

5.1 Staff costs

	2016/17 Total £000	2015/16 Total £000
Salaries and wages	180,145	152,092
Social Security Costs	16,024	10,710
Employer contributions to NHS pension scheme	21,575	18,277
Pension costs - other contributions	21	42
External Agency/contract staff	9,729	7,610
Total staff costs	**227,494**	**188,731**

During the year £1,485,000 of staff costs were capitalised (2015/16 £1,260,000).

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 8 retirements (2015/16 5), at an additional cost of £222,000 (2015/16 £194,000). This information has been supplied by NHS Pensions

6 Better Payment Practice Code

Measure of compliance

	2016/17 Number	2016/17 £000	2015/16 Number	2015/16 £000
Total Non-NHS trade invoices paid in the year	126,126	197,201	95,131	142,273
Total Non NHS trade invoices paid within target	112,772	116,751	82,869	94,642
Percentage of Non-NHS trade invoices paid within target	89%	59%	87%	67%
Total NHS trade invoices paid in the year	1,910	16,033	1,962	9,136
Total NHS trade invoices paid within target	1,479	6,354	1,579	7,512
Percentage of NHS trade invoices paid within target	77%	40%	80%	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

7 Financial income

	2016/17 £000	2015/16 £000
Interest on bank accounts	75	114
Total financial income	**75**	**114**

8 Financial costs

	2016/17 £000	2015/16 £000
Interest on Loans to fund Capital Projects from the Independent Trust Financing Facility	1,342	1,227
Interest on Long Term Working Capital Loan from the Independent Trust Financing Facility	285	150
Finance Lease interest	2	0
PFI finance cost - main finance cost	1,378	767
PFI finance cost - contingent finance cost	374	161
Total financial expenses	**3,381**	**2,305**

9 Intangible assets

9.1 Intangible assets 2016/17

	Group and Trust			
	Software licences	Licences & Trademarks purchased	Assets under Construction	Total
	£000	£000	£000	£000
Fair value at 1 April 2016	**8,435**	**472**	**4,071**	**12,978**
Additions purchased	177	0	2,183	2,360
Additions donated	13	0	0	13
Reclassifications	1,769	0	(2,468)	(699)
Disposals	(154)	0	0	(154)
Gross cost at 31 March 2017	**10,240**	**472**	**3,786**	**14,498**
Accumulated amortisation at 1 April 2016	**5,621**	**0**	**0**	**5,621**
Charged during the year	560	0	0	560
Disposals	(154)	0	0	(154)
Accumulated amortisation at 31 March 2017	**6,027**	**0**	**0**	**6,027**
Net book value				
- Purchased at 1 April 2016	2,765	472	4,071	7,308
- On-SOFP PFI contracts at 1 April 2016	0	0	0	0
- Government granted at 1 April 2016	0	0	0	0
- Donated at 1 April 2016	49	0	0	49
- Total at 1 April 2016	**2,814**	**472**	**4,071**	**7,357**
- Purchased at 31 March 2017	4,158	472	3,786	8,416
- On-SOFP PFI contracts at 31 March 2017	0	0	0	0
- Government granted at 31 March 2017	0	0	0	0
- Donated at 31 March 2017	55	0	0	55
- Total at 31 March 2017	**4,213**	**472**	**3,786**	**8,471**

9.2 Intangible assets 2015/16

	Group and Trust			
	Software licences	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**

10 Property, plant and equipment

10.1 Property, plant and equipment 2016/17

	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 2016	**8,350**	**123,293**	**4,126**	**26,213**	**43,894**	**691**	**17,692**	**4,632**	**228,891**
Additions purchased	0	9,384	0	3,584	1,570	0	921	25	15,484
Additions leased	0	0	0	0	0	109	0	0	109
Additions donated	0	78	0	0	1,493	0	0	32	1,603
Impairments recognised in operating expenses (*see note 10.3)	(675)	(3,438)	(3)	0	0	0	0	0	(4,116)
Reversal of impairments recognised in operating expenses (*see note 10.3)	0	1,502	1	0	0	0	0	0	1,503
Reclassifications	0	17,481	28	(26,069)	8,347	0	895	17	699
Revaluations	0	(563)	138	0	0	0	0	0	(425)
Transferred to disposal group as asset held for sale	(60)	(111)	0	0	0	0	0	0	(171)
Disposals	0	0	0	0	(1,780)	0	(8)	0	(1,788)
Cost or Valuation at 31 March 2017	**7,615**	**147,626**	**4,290**	**3,728**	**53,524**	**800**	**19,500**	**4,706**	**241,789**
Depreciation at 1 April 2016	**0**	**8,589**	**379**	**0**	**32,835**	**569**	**15,515**	**4,204**	**62,091**
Charged during the year	0	5,092	191	0	2,102	44	625	156	8,210
Revaluations (*see note 10.3)	0	(15)	19	0	0	0	0	0	4
Transferred to disposal group as asset held for sale	0	(8)	0	0	0	0	0	0	(8)
Disposals	0	0	0	0	(1,763)	0	(7)	0	(1,770)
Accumulated depreciation at 31 March 2017	**0**	**13,658**	**589**	**0**	**33,174**	**613**	**16,133**	**4,360**	**68,527**
Net book value									
- Purchased and owned at 1 April 2016	8,350	92,274	3,747	26,213	10,075	122	2,089	397	143,267
- On-SOFP PFI contracts at 1 April 2016	0	17,027	0	0	0	0	0	0	17,027
- On-SOFP Finance leases at 1 April 2016	0	0	0	0	0	0	0	0	0
- Government granted at 1 April 2016	0	38	0	0	0	0	9	0	47
- Donated at 1 April 2016	0	5,365	0	0	984	0	79	31	6,459
- Total at 1 April 2016	**8,350**	**114,704**	**3,747**	**26,213**	**11,059**	**122**	**2,177**	**428**	**166,800**
- Purchased and owned at 31 March 2017	7,615	113,620	3,701	3,728	18,072	85	3,297	293	150,411
- On-SOFP PFI contracts at 31 March 2017	0	14,950	0	0	0	0	0	0	14,950
- On-SOFP Finance Leases at 31 March 2017	0	0	0	0	0	102	0	0	102
- Government granted at 31 March 2017	0	18	0	0	11	0	0	0	29
- Donated at 31 March 2017	0	5,380	0	0	2,267	0	70	53	7,770
- Total at 31 March 2017	**7,615**	**133,968**	**3,701**	**3,728**	**20,350**	**187**	**3,367**	**346**	**173,262**

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 2016/17 they total £1,616,000 (2015/16 total of £237,000). As noted in the Consolidated Statement of comprehensive income, these donations are outside of the Trust's financial control they are therefore excluded by NHS Improvement when assessing the financial performance of a Foundation Trust.

10.2 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 2014	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	(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**
Accumulated 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	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 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
- On SOFP Finance Leases 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
- On SOFP Finance Leases at 31 March 2016	0	0	0	0	0	0	0	0	0
- 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**

10.3 Revaluation of assets during 2016/17

The Trust has a policy of undertaking a full formal revaluation of it's 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 it's 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 2016/17 the Trust commissioned the District Valuation Office to provide three valuation services.

The first phase was to apply a new valuation basis to the Buildings procured through PFI. Treasury stipulated during 2016/17 that it is now accepted practice to exclude from the valuation the cost of VAT incurred on the construction of the facilities. In previous accounting periods the valuation of the buildings have incorporated the cost of VAT on the construction. The application of the new guidance has reduced the value of the assets by £2.5m

The second 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 3.30% (2015/16 7.39%). 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 2017. The impact of this exercise has been to increase the value of the buildings by a net £3.7m (2015/16 £8.4m). The Trust also requested the District Valuer to consider whether land values had changed materially during the course of the financial year, the outcome of which indicated that for some of the assets used by the Trust there has been a decrease in value. The reduction in value amounts to £0.7m

The final 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 2016/17. 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 impact of this exercise has been to decrease the value of buildings by circa £3.5m (2015/16 £4.1m).

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	Total £'000	Total of which has been charged to Operating Expenditure as an impairment £'000	Proportion of which has been accounted for through the Revaluation Reserve £'000
Phase 1 - PFI Buildings revalued							
Reduction in the value of buildings		0	(2,520)	0	(2,520)	932	(1,588)
Phase 2 - Indexation applied and Land values reduced							
Reduction in Land value		(675)	0	0	(675)	675	0
Indexation applied to Specialised Buildings	-	0	3,538	117	3,655	(1,846)	1,809
Phase 3 - Modern Equivalent Asset (MEA) impairment assessment							
Assessment of whether the cost of building construction brought into use requires an impairment adjustment	-	0	(3,502)	0	(3,502)	2,852	(650)
Total		**(675)**	**(2,484)**	**117**	**(3,042)**	**2,613**	**(429)**
Reconciled to Primary Financial Statements / Other Notes to the Accounts							
Impairments recognised in Operating Expenditure - Cost section of PPE Note to accounts	10.1	(675)	(3,438)	(3)	(4,116)	4,116	
Reversal of impairments recognised in Other Operating Income - Cost section of PPE Note to accounts	10.1	0	1,502	1	1,503	(1,503)	
Revaluations - Cost section of PPE note to accounts	10.1	0	(563)	138	(425)		(425)
Revaluations - Depreciation section of PPE note to accounts	10.1	0	15	(19)	(4)		(4)
Sub-total	4.1 & SoCITE	**(675)**	**(2,484)**	**117**	**(3,042)**	**2,613**	**(429)**
Transferred between I&E Reserve and Revaluation Reserve			-	-	-		
Of the above £2,613k impairment charge allocated to Operating Expenditure, credit balances totalling £257,000 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		-	-	-		(257)
Total		**(675)**	**(2,484)**	**117**	**(3,042)**	**2,613**	**(686)**

11. Investments

The Trust's principal subsidiary undertakings and investments as included in the consolidation as at the reporting date are set out in theses financial statements.
The reporting date of the financial statements for the subsidiary is the same as for these group financial statements - 31 March 2017.

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 £86,000 post tax profit in the year ending 31st March 2017 (2015/16 £102,000). Its gross and net assets at 31st March 2017 were £1,746,000 and £273,000 respectively. There has been no significant change in the trading risks during the course of the year.

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Investments in associates and joint ventures outside of the government accounting boundary				
Carrying value at 1 April 2016	0	0	0	0
Acquisitions in year - other	35	0	35	0
Carrying value at 31 March	**35**	**0**	**35**	**0**

During 2016/17 the Trust invested £35,000 in a Limited Liability Partnership trading as 'Health and Care Innovations LLP'. The Trust holds a 50% equity stake in the business. The principal purpose of the LLP is to develop, produce and market healthcare related educational videos. On the grounds of materiality the Trust has not consolidated the results of the LLP into these financial statements.

12 Inventories

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
12.1 Inventories balances				
Drugs	1,731	1,948	1,133	1,315
Consumables	2,414	2,308	2,414	2,308
Energy	29	23	29	23
Inventories carried at fair value less costs to sell	3,101	2,139	3,101	2,139
Total	7,275	**6,418**	**6,677**	**5,785**

	Group 2016/17 £000	Group 2015/16 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
12.2 Inventory Movements and Inventories recognised in expenses				
Carrying value at 1 April	6,418	6,049	5,785	5,636
Additions	41,935	38,827	33,647	31,264
Inventories recognised as an expense in the year	(41,012)	(38,435)	(32,732)	(31,099)
Write-down of inventories (including losses)	(66)	(23)	(23)	(16)
Carrying value at 31 March	**7,275**	**6,418**	**6,677**	**5,785**

13 Trade and other receivables

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
13.1 Trade and other receivables balances				
Current				
NHS receivables - Revenue	5,066	8,260	5,066	8,260
Receivables due from NHS Charities	231	594	231	594
Provision for impaired receivables	(907)	(850)	(907)	(850)
Prepayments (non PFI)	4,271	4,391	4,271	4,391
Accrued income	4,220	2,302	4,220	2,302
Finance lease receivables	0	0	0	0
PFI lifecycle prepayments - (capital)	0	37	0	37
PDC dividend receivable	99	415	99	415
VAT Receivable	875	574	681	389
Other receivables *	6,743	4,849	6,799	4,873
	20,598	**20,572**	**20,460**	**20,411**
Non-current				
Finance lease receivables	504	504	504	504
Other receivables *	1,628	1,432	2,086	1,920
	2,132	1,936	**2,590**	2,424
Total trade and other receivables	**22,730**	**22,508**	**23,050**	**22,835**

* Other receivables includes Non-NHS Trade and Non-NHS Pharmacy Manufacturing Unit (PMU) receivables totalling £1.761,000 (2015/16 £2,634,000); NHS Injury Recovery Unit receivables of £2,627,000 (2015/16 £2,433,000) and Adult Social Care Debt of £3,570,000 (2015/16 £1,229,000). The PMU manufactures and sells pharmaceutical products to both NHS and non-NHS customers.

13.2 Provision for impairment of receivables

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Balance at 1 April	850	441	850	441
Increase in provision	368	246	368	246
Amounts utilised	(116)	(1)	(116)	(1)
Transfers by absorption	0	165	0	165
Unused amounts reversed	(195)	(1)	(195)	(1)
Balance at 31 March	**907**	**850**	**907**	**850**

13.3 Ageing of impaired receivables

0-30 days	8	10	8	10
30-60 days	12	41	12	41
60-90 days	20	72	20	72
90-180 days	52	45	52	45
over 180 days	815	682	815	682
Total	**907**	**850**	**907**	**850**

13.4 Receivables past their due date but not impaired

0-30 days	2,095	827	2,095	827
30-60 days	598	76	598	76
60-90 days	284	119	284	119
90-180 days	568	270	568	270
over 180 days	3,384	1,952	3,384	1,952
Total	**6,929**	**3,244**	**6,929**	**3,244**

14. Non current assets held for sale and assets in disposals groups

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	0	0	0	0
Assets classified as available for sale in the year	163	0	163	0
NBV of non-current assets for sale and assets in disposal groups at 1 April	**163**	**0**	**163**	**0**

	PPE Land 31 March 2017 £000	PPE Buildings (excluding Dwellings) 31 March 2017 £000	Total 31 March 2017 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	0	0	0
Assets classified as available for sale in the year	60	103	163
NBV of non-current assets for sale and assets in disposal groups at 1 April	**60**	**103**	**163**

15. Finance lease receivables

Gross lease receivables

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Gross lease receivables	**3,015**	**3,049**	**3,015**	**3,049**
of which those receivable				
- not later than one year	59	59	59	59
- later than one year and not later than five years	238	238	238	238
- later than five years	2,718	2,752	2,718	2,752
	3,015	**3,049**	**3,015**	**3,049**
Unearned interest income	(2,511)	(2,545)	(2,511)	(2,545)
Net lease receivables	**504**	**504**	**504**	**504**
of which those receivable:				
- not later than one year	0	0	0	0
- later than one year and not later than five years	1	1	1	1
- later than five years	503	503	503	503
	504	**504**	**504**	**504**

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.

16 Trade and other payables

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Current				
Receipts in advance *	513	2,024	513	2,024
NHS payables	669	810	669	810
Capital trade payables	2,560	4,478	2,560	4,478
Other trade payables	5,910	5,534	5,910	5,534
Social Security costs	4,238	3,798	4,238	3,798
Corporation Tax payable	27	25	0	0
Other payables **	5,190	4,916	4,746	3,918
Accruals	11,593	10,833	11,593	11,418
	30,700	**32,418**	**30,229**	**31,980**

* Receipts in advance include £0 (2015/16 £1,317,000) from local Commissioners.

** Other payables include: - £2,939,000 (2015/16 £2,898,000) outstanding pensions contributions at 31 March 2017

17 Other liabilities

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Current				
Deferred income	**876**	**882**	**876**	**882**

In 2016/17, deferred income includes £876,000 (2015/16 £882,000) relating to Maternity Care Pathway income from its main Commissioner.

18 Borrowings

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Current				
Loans from Independent Trust Financing Facility to support Capital Projects	4,712	3,644	4,712	3,644
Long term working capital loan from Independent Trust Financing Facility	2,100	2,100	2,100	2,100
Obligations under finance leases	17	0	17	0
Obligations under PFI contracts	667	631	667	631
	7,496	**6,375**	**7,496**	**6,375**
Non-current				
Loans from Independent Trust Financing Facility to support Capital Projects	47,656	43,541	47,656	43,541
Long term working capital loan from Independent Trust Financing Facility	15,750	17,850	15,750	17,850
Obligations under finance leases	77	0	77	0
Obligations under PFI contracts	20,296	20,963	20,296	20,963
	83,779	**82,354**	**83,779**	**82,354**

18 Borrowings (continued)

The value of loans approved as at 31st March 2017 and the drawdown thereon are listed below.

	Loan approved	Loan liability as at 31 March 2017				Analysis of loan liability as at 31 March 2017		Additional information		
		Gross loan principal drawdown as at 31 March 2017	Repayments made during prior periods	Repayments made during the financial year	Total Liability as at 31 March 2017	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	(3,443)	(1,067)	**15,490**	1,068	14,422	3.41% & 1.90% *	20 years	Dec 2030 & Mar 2032 *
Pharmacy Manufacturing Fit Out Loan	**16,000**	16,000	(3,727)	(1,888)	**10,385**	1,887	8,498	3.14%	12 years	Sep 2022
Pharmacy Manufacturing Freehold Loan	**8,240**	8,220	(1,027)	(411)	**6,782**	411	6,371	2.99%	20 years	Sep 2033
Critical Care Unit and Hospital Front Entrance	**12,700**	12,700	0	0	**12,700**	706	11,994	2.34%	20 years	Nov 2034
Car Parking Facilities	**1,900**	1,900	0	(186)	**1,714**	213	1,501	1.66%	10 years	Nov 2024
Linear Accelerator Bunker and associated enabling works	**3,382**	3,382	0	0	**3,382**	188	3,194	2.34%	20 years	Nov 2034
Replacement Linear Accelerators	**4,118**	2,035	0	(120)	**1,915**	239	1,676	1.66%	10 years	Feb 2024
Sub-total loans for capital developments	**66,340**	**64,237**	**(8,197)**	**(3,672)**	**52,368**	**4,712**	**47,656**			
Long Term Working Capital Loan	**21,000**	21,000	(1,050)	(2,100)	**17,850**	2,100	15,750	1.47%	10 years	Sep 2025
Sub-total loans	**87,340**	**85,237**	**(9,247)**	**(5,772)**	**70,218**	**6,812**	**63,406**			
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**	**85,237**	**(9,247)**	**(5,772)**	**70,218**	**6,812**	**63,406**			

* - 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.

19 Provisions

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Current				
Pensions relating to other staff	223	230	223	230
Legal claims	228	310	228	310
	451	**540**	**451**	**540**
Non-current				
Pensions relating to other staff	3,893	3,938	3,893	3,938
	3,893	**3,938**	**3,893**	**3,938**

	Pensions relating to other staff £000	Legal claims £000	Total £000
At 1 April 2016	4,168	310	4,478
Change in the discount rate	405	0	405
Arising during the year	64	120	184
Utilised during the year	(309)	(155)	(464)
Reversed unused	(223)	(47)	(270)
Unwinding of discount	11	0	11
At 31 March 2017	**4,116**	**228**	**4,344**
Expected timing of cash flows:			
- not later than one year	223	228	451
- later than one year and not later than five years	1,128	0	1,128
- later than five years	2,765	0	2,765
At 31 March 2017	**4,116**	**228**	**4,344**
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**

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 31st March 2018. 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.

£67.0 million (2015/16 £61.9 million) is included in the provisions of the NHSLA at 31 March 2017 in respect of clinical negligence liabilities of the Trust.

20 Notes to the Statement of cash flows

Cash and cash equivalents	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
At 1 April	23,572	12,061	23,253	11,814
Net change in year	(18,936)	8,670	(19,083)	8,598
Transfers by absorption	0	2,841	0	2,841
At 31 March	**4,636**	**23,572**	**4,170**	**23,253**
Broken down into:				
Cash at commercial banks and in hand	481	462	15	143
Cash with the Government Banking Service	4,155	(390)	4,155	(390)
Deposits with the National Loans Fund	0	23,500	0	23,500
Cash and cash equivalents as in SoFP	**4,636**	**23,572**	**4,170**	**23,253**
Bank overdraft	0	0	0	0
Cash and cash equivalents as in SoCF	**4,636**	**23,572**	**4,170**	**23,253**

The Trust has a committed Working Capital Loan Facility of £11.0m in place with the Independent Trust Financing Facility. As at 31 March 2017, this Facility had not been utilised.

21 Commitments

Commitments under capital expenditure contracts for property, plant and equipment at 31 March 2017 were £543,000 (31 March 2016 £10,574,000). Commitments under revenue contracts at 31 March 2017 were £1,837,000 (31 March 2016 £3,969,000).

22 Contingent liabilities

	Group 31 March 2017 £000	Group 31 March 2016 £000	Trust 31 March 2017 £000	Trust 31 March 2016 £000
Contingent liabilities (gross value)	(2,390)	(2,729)	(2,390)	(2,729)
Net value of contingent liabilities	**(2,390)**	**(2,729)**	**(2,390)**	**(2,729)**

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 £53,000 (2015/16 £102,000).

The Trust has not been informed of any potential additional personal injury claims other than those already assessed by the NHSLA (2015/16 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 2017 the potential liability would be £2.4m (2015/16 £2.7m). No provision for this potential liability has been made, as the likelihood of this liability crystallising is considered remote.

23 Related Party Transactions

South Devon Healthcare NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The independent Regulator of NHS Foundation Trusts ('Monitor') and other NHS Foundation Trusts are considered Related Parties.

The Trust is a public benefit corporation established under the NHS Act 2006. Monitor, the Regulator of NHS Foundation Trusts has the power to control the Trust within the meaning of IAS 27 'Consolidated and Separate Financial Statements' and therefore can be considered as the Trust's parent. Monitor does not prepare group accounts but does prepare separate NHS Foundation Trust Consolidated Accounts. The NHS Foundation Trust Consolidated Accounts are then included within the Whole of Government Accounts. Monitor is accountable to the Secretary of State for Health. The Trust's ultimate parent is therefore HM Government.

During 2016/17 the Trust received £28,687 of income (2015/16 £31,000), and spent £117,472 (2015/16 £64,920) with related parties of non-executive directors of the Trust. The related parties were a University, 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 2016/17 the Trust also received £40,000 of income (2015/16 £44,077) with related parties of executive directors of the Trust. As at 31st March 2017 the Trust was owed £259,859 from this same related party (2015/16 £259,905). The debt is in respect of a finance lease with the Devon Studio School for the use of part of the Trust's Buildings. Two of the Trust's executive directors serve as governors at the Devon Studio School.

During the year the Trust has had a significant number of transactions with Clinical Commissioning Groups, NHS England, 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 2016/17 £000	Income 2015/16 £000	Receivables 31 March 2017 £000	Receivables 31 March 2016 £000
NHS Foundation Trusts	7,063	6,890	1,152	1,219
Torbay and Southern Devon Health and Care NHS Trust	0	3,056	0	0
Other NHS Trusts	6,715	6,361	1,000	1,118
NHS South Devon And Torbay CCG	249,665	201,481	2,604	3,453
NHS North, East, West Devon CCG	6,522	5,171	185	(10)
NHS England - South West Local Office	9,157	7,928	1,301	76
NHS England - South West Commissioning Hub	28,996	25,838	1,570	1,712
Department of Health	3,869	2,502	0	415
Other NHS organisations	13,267	13,831	824	1,052
Torbay Council	47,100	9,328	843	1,754
Devon County Council	1,539	258	423	84
Other Local Government and Central Government	1,739	1,795	1,132	828
	375,632	**284,439**	**11,034**	**11,701**

	Expenditure 2016/17 £000	Expenditure 2015/16 £000	Payables 31 March 2017 £000	Payables 31 March 2016 £000
NHS Litigation Authority	5,260	4,509	13	9
Other NHS organisations	6,807	6,653	2,925	2,238
NHS Pension Scheme	21,575	18,277	2,939	2,898
HMRC and National Insurance Fund	16,051	10,736	4,265	3,823
NHS Blood and Transplant Agency	785	864	0	(12)
Torbay Council	3,191	2,681	319	473
Devon County Council	11,360	5,220	1,674	934
Other Local Government and Central Government	968	542	356	193
	65,997	**49,482**	**12,491**	**10,556**

The Trust has also received revenue contributions of £1,932,000 (2015/16 £1,502,000) and capital of £1,616,000 (2015/16 £237,000) 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 £2,881,000 as at 31st March 2017 and recorded an decrease in funds of £384,000 during the year ended 31st March 2017.

The balance of receivables due from the South Devon Healthcare Charitable Fund at 31 March 2017 was £231,000 (2015/16 £594,000).

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 £907,000 (2015/16 £850,000).

Key management personnel

Key management includes directors, both executive and non-executive. The compensation paid or payable in aggregate to key management for employment services is show in note 4.1

None of the key management personnel received an advance from the Trust. The Trust has not entered into guarantees of any kind on behalf of key management personnel. There were no amounts owing to key management personnel at the beginning or end of the financial year.

24 Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another enterprise.

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

The financial assets and liabilities of the Trust are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks as well as credit exposures to the Trust's commissioners and other receivables. Surplus operating cash is only invested with UK based Clearing banks. The Trust's cash assets are held with National Westminster Bank plc., the Office of the Government Banking Service and Citibank only. An analysis of the ageing of receivables and provision for impairment can be found at note 13, trade and other receivables.

Because of the continuing service provider relationship that the Trust has with local 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	
Loans and receivables **Assets as per statement of financial position**	**31 March 2017** **£000**	**31 March 2016** **£000**	**31 March 2017** **£000**	**31 March 2016** **£000**
Trade and other receivables excluding non-financial assets	18,360	17,665	18,680	17,504
Other investments	198	0	198	0
Cash and cash equivalents	4,636	23,572	4,170	23,253
Total at 31 March	**23,194**	**41,237**	**23,048**	**40,757**

Other financial liabilities **Liabilities as per statement of financial position**	**31 March 2017** **£000**	**31 March 2016** **£000**	**31 March 2017** **£000**	**31 March 2016** **£000**
Borrowings excluding PFI contracts	70,218	67,135	70,218	67,135
Obligations under finance leases	94	0	94	0
Obligations under PFI contracts	20,963	21,594	20,963	21,594
Trade and other payables excluding non-financial liabilities	25,949	26,596	25,478	27,034
Provisions under contract	228	310	228	0
Total at 31 March	**117,452**	**115,635**	**116,981**	**115,763**

Maturity of Financial Liabilities	**31 March 2017** **£000**	**31 March 2016** **£000**	**31 March 2017** **£000**	**31 March 2016** **£000**
In one year or less	33,673	33,281	33,202	33,719
In more than one year but not more than two years	7,611	6,916	7,611	6,916
In more than two years but not more than five years	23,409	21,419	23,409	21,419
In more than five years	52,759	54,019	52,759	54,019
Total at 31 March	**117,452**	**115,635**	**116,981**	**116,073**

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 £0 cash at bank and in hand at 31 March 2017 [2015/16 £4,000] relating to monies held by the NHS Foundation Trust on behalf of patients.

26 Losses and Special Payments

There were 160 (2015/16 35) cases of losses and special payments totalling £225,000 (2015/16 £13,000) 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. The most significant component of the losses reported were the write off of debts due from clients for their contribution to Adult Social Care costs. During 2016/17 these amounted to £209,000 (2015/16 £1,000)

27 Pooled budgets

The Trust has not entered into any pooled budget projects.

28 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 £530,000 at 31st March 2017 (31st March 2016 £687,000).

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 the twelve month period in 2016-17 that the Trust operated the scheme during the unitary payment was £940,000 (2015-16 6 month period £388,000).

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.

28 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 twelve month period in 2016-17 that the Trust operated the scheme during the unitary payment was £2,647,000 (2015-16 6 month period £1,280,000). Newton Abbot Hospital has a value of £14,420,000 at 31st March 2017 (31st March 2016 £16,341,000)

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.

28.1 Lease obligations due under PFI contracts

	Dawlish Hospital 31 March 2017 £000	Newton Abbot Hospital 31 March 2017 £000	Total 31 March 2017 £000	Total 31 March 2016 £000
Due not later than one year	542	1,461	**2,003**	**2,008**
Due later than one year and not later than five years	2,545	5,923	**8,468**	**8,213**
Due later than five years	1,495	24,283	**25,778**	**28,036**
Gross commitments	**4,582**	**31,667**	**36,249**	**38,257**
Less finance charges allocated to future periods - excludes contingent rent	(1,575)	(13,711)	**(15,286)**	**(16,663)**
Present value of commitments	**3,007**	**17,956**	**20,963**	**21,594**
Present value of commitments: -				
Due not later than one year	212	455	**667**	**631**
Due later than one year and not later than five years	1,525	2,171	**3,696**	**3,196**
Due later than five years	1,270	15,330	**16,600**	**17,767**
Present value of commitments	**3,007**	**17,956**	**20,963**	**21,594**

28.2 Total unitary payment made during the year ended 31 March 2017

	Dawlish Hospital 2016/17 £000	Newton Abbot Hospital 2016/17 £000	Total 2016/17 £000	Total 2015/16 £000
Interest charge	348	1,030	**1,378**	**767**
Repayment of finance lease liability	169	462	**631**	**276**
Service element	423	452	**875**	**433**
Capital lifecycle costs - capital	0	329	**329**	**0**
Contingent rent	0	374	**374**	**161**
Addition to lifecycle prepayment	0	0	**0**	**31**
Total unitary payment	**940**	**2,647**	**3,587**	**1,668**

28.3 Total commitments due under PFI contracts

	Dawlish Hospital 31 March 2017 £000	Newton Abbot Hospital 31 March 2017 £000	Total 31 March 2017 £000	Total 31 March 2016 £000
Lease obligations - principle repayment and fixed finance cost	4,582	31,667	**36,249**	**38,257**
Contingent Rent	0	22,080	**22,080**	**22,700**
Services Fee	3,451	13,554	**17,005**	**18,272**
Lifecycle replacement costs	0	8,830	**8,830**	**9,096**
Total PFI Commitments at 31 March	**8,033**	**76,131**	**84,164**	**88,325**
PFI Commitments				
Due not later than one year	983	2,682	**3,665**	3,612
Due later than one year and not later than five years	4,423	11,416	**15,839**	15,360
Due later than five years	2,627	62,033	**64,660**	69,353
Total PFI Commitments at 31 March	**8,033**	**76,131**	**84,164**	**88,325**

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 2017 would reduce by £18,376,000 (31st March 16 £21,312,000)

29 Transfers by Absorption

No acquisition transactions have taken place during 2016/17. During 2015/16, 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. The acquisition took place on 1st October 2015

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.

29.1 Impact of Transfers by Absorption upon the financial statements

	Acquisition transactions 2016/17 £000	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**
Statement of Comprehensive Income				
Net gain / (loss) arising from Transfers by Absorption	**0**	39,087	(7,244)	**31,843**
Statement of Financial Position				
Non-current assets				
Intangible assets	0	471	0	471
Property, plant and equipment	0	58,832	(7,162)	51,670
Trade and other receivables	0	153	(82)	71
Total non-current assets	**0**	**59,456**	**(7,244)**	**52,212**
Current assets				
Trade and other receivables	0	8,969	0	**8,969**
Cash and cash equivalents	0	2,841	0	**2,841**
Total current assets	**0**	**11,810**	**0**	**11,810**
Total assets	**0**	**71,266**	**(7,244)**	**64,022**
Current liabilities				
Trade and other payables	0	(9,869)	0	(9,869)
Borrowings	0	(608)	0	(608)
Provisions	0	(420)	0	(420)
Total current liabilities	**0**	**(10,897)**	**0**	**(10,897)**
Non-current liabilities				
Borrowings	**0**	**(21,282)**	**0**	**(21,282)**
Total liabilities	**0**	**(32,179)**	**0**	**(32,179)**
Net current assets	**0**	**913**	**0**	**913**
Net assets employed	**0**	**39,087**	**(7,244)**	**31,843**
Consolidated Statement of Changes in Taxpayers Equity				
Public dividend capital (PDC)	0	(351)	0	(351)
Revaluation reserve	0	14,645	(2,696)	11,949
Income and Expenditure reserve	0	24,793	(4,548)	20,245
Total Taxpayers' equity	**0**	**39,087**	**(7,244)**	**31,843**
Consolidated Statement of Cash Flows				
Cash and cash equivalents transferred by absorption	**0**	**2,841**	**0**	**2,841**

29 Transfers by Absorption (continued)

29.2 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	73,579	155,667
Operating expenses	(74,715)	(152,022)
Operating (deficit) / surplus before financial income and expenses	**(1,136)**	**3,645**
Financial income	12	24
Other gains and losses	6	0
Financial costs	(915)	(1,860)
PDC Dividends payable	(531)	(1,104)
Net finance costs	**(1,428)**	**(2,940)**
(Deficit) / Surplus for the period from continuing operations	**(2,564)**	**705**

IFRS 3 requires disclosures to state the following:

i) the amounts of revenue of the acquiree since the acquisition date included in the consolidated SOCI;

ii) the amounts of profit/loss of the acquiree since the acquisition date included in the consolidated SOCI;

iii) the revenue of the combined entity for the current reporting period as though the acquisition occurred at the beginning of the reporting period;

iv) 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.

30 Post Balance Sheet Events

30.1 Occupancy of Buildings (excluding Dwellings)

After 31st March 2017, two Community Hospitals were vacated by the Trust and the services they provided were transferred to other Trust owned facilities. The two community hospitals that have been vacated are Bovey Tracey Hospital and Dartmouth Hospital. Both facilities are likely to be disposed of by the Trust. A strategy for the disposal of Dartmouth Hospital has not been finalised. Bovey Tracey Hospital is registered as an Asset of Community Value. The Trust has given notice of intent to sell. During the next six months only offers from Community Interest Groups maybe considered by the Trust, which maybe freely accepted or declined according to best value. If by September 2017, no bidder is successful, the Trust may then sell on the open market.