

SOUTHERN HEALTH AND SOCIAL CARE TRUST

ANNUAL REPORT & ACCOUNTS

FOR YEAR ENDED 31 MARCH 2013

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Laid before the Northern Ireland Assembly under Article 90(5) of the Health and Personal Social Services (NI) Order 1972(as amended by the Audit and Accountability Order 2003)
by the Department of Health, Social Services and Public Safety

on

8th November 2013

SOUTHERN HEALTH AND SOCIAL CARE TRUST
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SOUTHERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

FOREWORD

These accounts for the year ended 31 March 2013 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

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COMMENTS

If you have any comments about this report or would like extra copies please telephone 028 3761 3954.

DIFFERENT FORMATS

The Annual Report can be made available on request in large print, on disk, via email, in Braille, on audiocassette or in minority languages for anyone not fluent in English.
Telephone: 028 3861 3965.

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Report from the Chair and the Chief Executive

Message from Roberta Brownlee, Chair, and Mairead McAlinden, Chief Executive

Once again, this has been a busy and fast moving year for health and social services.

Over the last 12 months there has been widespread engagement across Northern Ireland about the future direction for health and social care services as proposed in 'Transforming Your Care (TYC)'. In March 2013, our Minister Mr Edwin Poots, brought forward his decisions on 'Transforming Your Care' to the Assembly, giving approval to proceed.

While many of the changes signalled in this new direction are already being developed and becoming a reality for patients, clients and staff, other changes are more challenging, such as shifting care from hospitals into primary and community care and delivering more appropriate care for our growing and aging population.

In the Southern Trust area, our population is growing faster than the rest of Northern Ireland – we are the fastest growing population with an 18% increase since 2000 compared with a Northern Ireland average of 7.4%.

We have had a 21% increase in births since 2001 compared to NI average of 15% and our population aged over 65 is set to increase by 33%, compared to the NI average of 27%.

There is much to celebrate, but these changes in our population also bring challenges when our funding is not increasing at the same level. This means that we have difficult choices ahead – moving away from traditional models of care to create funding for new services.

The changes in 'Transforming Your Care' are already happening – we already doing things differently, and many examples are set out in the following pages.

We don't want to stand still - new evidence is constantly emerging about better ways to provide care. Technology can allow us to do things which would simply not have been possible five years ago. Our patients and clients tell us that they want to stay at home as long as possible with 'home is the hub' and that approach is driving many of our service changes. We are embracing change and expect to see many rapid advances in health and social care in the next 12 months.

Through our work on 'Transforming Your Care' we have identified four key areas of focus for change:

- Promoting early intervention, prevention and 'wellness';
- Enabling choice, independence and care within the local community;
- Primary, hospital and community care working more closely together; and
- Improving the safety, effectiveness and efficiency of our hospital network.

We recognise that at different stages in life, we all have different health and social care needs. One of our key priorities is to increase our work with local communities to deliver services that **prevent ill health** and to provide some of the support that the vulnerable in our society need. We call this 'Caring Communities' and we are funding a range of community and voluntary groups to work with us in this way. We also want to **intervene earlier** when families and individuals become vulnerable, so they can keep their independence and avoid

the need for long term care.

Working with the very youngest members of our community we launched a new support programme for first time mums – the Family Nurse Partnership. Family nurses work with young mums aged 19 and under until the child is two years old, developing their confidence and skills and giving their babies the best start in life.

Our health promotion team has been working in partnership with the British Heart Foundation Northern Ireland (BHF), GPs, Craigavon Borough Council, the Public Health Agency, Craigavon Intercultural Programme, Craigavon Traveller Support Committee and local employers on the Hearty Lives Craigavon project. The BHF has awarded £100,000 to improve heart health of both black minority ethnic and Irish traveller communities in the Craigavon area.



Hearty Lives, Craigavon – working in partnership to improve heart health

The Trust has a very successful Fit 4 U project, to empower adults with physical and/or sensory disabilities to improve their health through participation in a range of physical activity and leisure opportunities. Our enthusiastic volunteers do a superb job in encouraging people to be more active through a range of daytime physical activities such as archery, boccia, new age curling, fitness, tennis,

boxercise and golf within local leisure centres.

For our older population we worked with Co-Operation and Working Together (CAWT) to organise the Making Connections workshops held in Armagh. We want to support our older community in keeping well, and in developing vital social networks that support people to remain living in their own communities.

The Good Morning Neighbour Project in Dungannon is a great example of how people can be supported to stay at home.

The Good Morning Project is supported by funding from the Trust and other partners and has been in operation since 2005. It has helped over 1,000 older and vulnerable people to remain at home, providing a Good Morning phone call and visits by volunteers from the local community.

This project demonstrates how the community and voluntary sector have the local knowledge and networks to provide an important support to older people, and how by working in partnership with the Trust, local Council Services and other agencies they can fill an important gap - that of a 'good neighbour.'

Enabling choice and independence means helping and supporting people to choose how and where they want to live. This means a change in how we organise our services, it is less about buildings and facilities and more about people.

Our reablement programme has been running successfully across the Trust. 'Reablement' is short period of intensive support that helps people who have been ill or injured regain skills they need for daily living. The emphasis is on helping people do things for themselves, and to be supported to return and live safely at home.



**David Jones –
benefiting from the day
time opportunities at
Edenvilla Park,**

In supporting people with a learning disability we have developed a range of day time opportunities, such as the Edenvilla Park project in Portadown. Clients have developed a whole new range of skills and are encouraged to be more independent and to take control of decisions about their lives.

By March this year, there were 624 clients in receipt of direct payments. This means that patients, clients and their families are able to decide on the best type of care to suit their own needs, and to make their own decisions about what care suits them best.

As part of the move from hospitals to more community based care, the Health Minister has announced the development of Integrated Care Partnerships (ICPs) which will support **primary, community and hospital staff to work more closely together.**

Through ICPs, Trust staff and local GPs, pharmacists, the community and voluntary sector and service users will work in a more integrated way – sharing their information about individuals and the wider population and planning and delivering care in a more joined up way to better support older people and those with long term conditions.

Many of these changes depend on us making the most of technology. This year the Trust has invested significantly in using new technology to manage care for patients. For example, over 800 patients living in the Southern Area have benefitted from remote telemonitoring.

**John Hicks is being supported at
home through telemonitoring**



This means patients with conditions such as respiratory disease, heart failure, diabetes and stroke are being closely monitored by using technology in their own homes, getting regular reviews of their symptoms and early responses when they become less well. Early indications are that this new service is resulting in fewer admissions to hospital which benefits the patient and reduces demand for hospital care.

And advances in technology are also evident as we work towards **making the best use of our hospital network.**

Because of the changes and improvements made by staff in both our hospitals, Minister Poots has endorsed our hospital network with acute hospital services continuing to be provided at Craigavon and Daisy Hill Hospitals.

Some of these changes have received national recognition, such as our High Dependency Unit (HDU) in Daisy Hill Hospital in Newry is the first in the UK to use a tele-presence robot which allows for real time monitoring of patients by intensive care specialists based at Craigavon Hospital who work with and give specialist advice to the doctors in Daisy Hill who provide the day to day care of patients in the HDU.

We have also introduced outpatient consultations using 'skype', which are now being used successfully in the renal unit at Daisy Hill Hospital. This allows patients being able to talk to consultants without having to come into hospital - a great way to keep in touch, without the stress of travelling to and from the hospital.

Our hospital network was recognised as being in the 'Top 40' of UK hospitals, as judged by the national benchmarking organisation Comparative Health Knowledge Systems (CHKS).

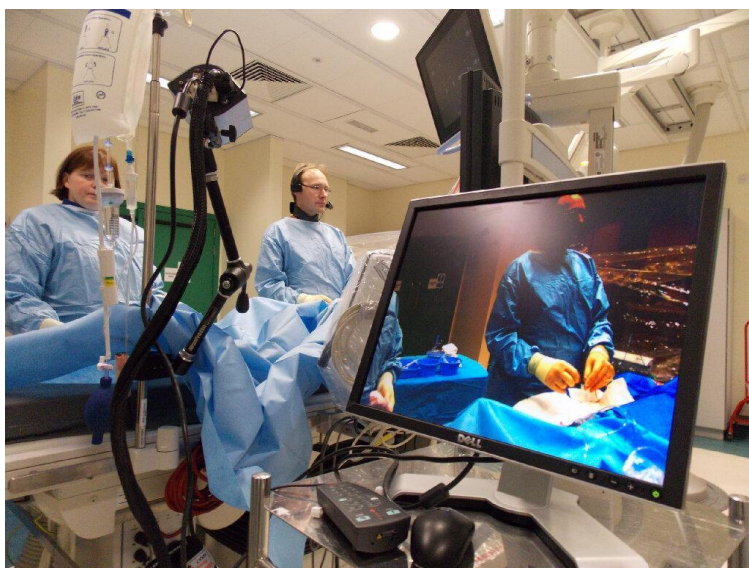
There is no doubt the shape of acute hospitals will continue to change over the coming years. Care and treatment that once had to be carried out at hospital is now successfully delivered in the community or in people's own home. Patients who once had to stay in hospital can now be treated as a day patient, staying in hospital for just a few hours.

National guidelines, quality standards and expectations of patients all impact on how and where hospital care can and should be provided – as a Trust we must respond to these changes, ensuring that our hospitals meet the highest standards and that they safely and effectively deliver the local needs of our communities.

As a Trust, we use over £500m of public money each year. We want this money to be an investment in better health and social care outcomes for the population and also a driver for innovation and economic benefit. Our Health Minister Edwin Poots is collaborating with the Enterprise Minister Arlene Foster on a 'Health and Prosperity' strategy and the Southern Trust is supporting and promoting this work, working with local industry and academia to encourage innovation.

An example of this was the partnership with our cardiologists, Craigavon Borough Council, Biobusiness and Invest NI to host a 'Cardiology, Commerce and Collaboration' Conference, held in February at Craigavon Civic Centre, which demonstrated how a hi-tech approach to health, benefits patients and boosts the local economy.

It included a live link to the Cardiology Cath Lab at Craigavon Area Hospital where Dr Ian Menown, Director of Interventional Cardiology performed a live stent procedure on a patient.



Dr Ian Menown performs a live stent procedure during the Cardiology, Commerce and Collaboration Conference. Photo courtesy of Gordon Adair BBC

This was a great opportunity to promote Cardiology research at Craigavon Area Hospital which has been on-going in excess of 30 years. Cardiology patients in the Southern Trust area are being given access to new treatments and interventions as a result of staff involvement in a range of on-going, national, international and worldwide research studies.

We have also been working to improve facilities and buildings across the Trust – moving to better accommodation that allows staff to work more closely together and reducing the cost of rented accommodation. Both our hospitals have seen major works to improve theatres and other accommodation,

and we have started work on the new Community Care and Treatment Centre in Banbridge.

And despite how busy the Trust is, our staff have once again found time to contribute to our local communities. Through our Trust in Community initiative we have been encouraging staff to get involved and be a good social partner.

Trust staff raised an impressive £10,000 for the Southern Area Hospice through an 'Apprentice' style challenge where three teams of staff competed to raised money and stock for hospice shops in Newry, Dungannon and Banbridge. A great day and a great achievement by everyone involved.

It is also important to acknowledge the generosity of our local community, who through Endowments and Gifts to the Trust have this year donated £467k. This funding allows us to do things that otherwise would not be possible and we are extremely grateful to all the individuals, community groups, families, patients, sports clubs and local businesses who give so much back to the Trust.

For the first time this year we have voted for a Charity of the Year. Staff voted on a shortlist of five, and our nominated charity for this year is Southern Area Hospice Services. We are sure that staff will support this generously, as they did for the Christmas present appeal this year.

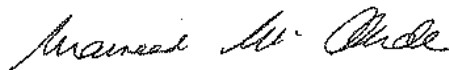
Finally, we pay tribute to our many volunteers who contribute so much to the life of the Trust. Our volunteers make a huge difference to hundreds of people each year and we are extremely grateful for their continuing kindness.

Mrs Roberta Brownlee



Chair

Mrs Mairead McAlinden



Chief Executive

Directors' Report

Board of Directors



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Non-Executive Directors



Mrs Deirdre Blakely



Mr Edwin Graham

(Chair of Patient and Client Experience Committee)



Mrs Hester Kelly

(Chair of Endowment and Gifts Committee)



Mrs Elizabeth Mahood

(Chair of Audit Committee)



Dr Raymond Mullan

(Chair of Governance Committee)



Mr Roger Alexander



Mrs Siobhan Rooney

Trust Directors



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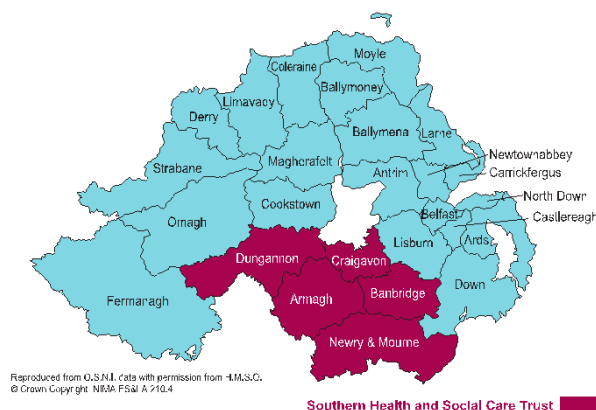
A declaration of Board members' interests has been completed and is available on request from the Chief Executive's office, Trust Headquarters, College of Nursing, Craigavon Area Hospital, 68 Lurgan Road, Portadown, BT63 5QQ. Telephone 028 3861 3960.

About the Trust

The Southern Health and Social Care Trust was formed on 1 April 2007 and is responsible for the services which were formerly delivered by four Trusts, namely Armagh and Dungannon Trust; Craigavon and Banbridge Community Trust; Craigavon Area Hospital Group Trust and Newry and Mourne Trust.

Location and type of facilities provided

Map of NI showing the Southern Health and Social Care Trust



The Trust provides health and social care services to the council areas of Armagh, Banbridge, Craigavon, Dungannon and South Tyrone and Newry and Mourne.

The Trust provides a wide range of hospital, community and primary care services. Main in-patient hospital services are located at Craigavon Area Hospital and Daisy Hill Hospital. Working in collaboration with GPs and other agencies, staff deliver locally based services in Trust premises, in people's own homes and in the community. The Trust purchases some services including domiciliary, residential and nursing care from independent and community/voluntary agencies.

Population – Southern Health and Social Care Trust

(figures from Census 2011, population estimates published October 4th, 2012)

Age	Population
Under 15	77,941
15-59	219,366
60+	65,404
Total Population	362,711

Expenditure

In 2012/2013, the Trust incurred expenditure of £573.005m.

Staff Profile

There are approximately 13,800 staff in post with **75.6%** of these staff providing direct hands on care to patients and clients. Management costs accounted for **3.5%** of income in 2012/2013. The sickness and absenteeism rate for the Trust in 2012/13 was **5.31%**.

Our Vision

To deliver safe, high quality health and social care services, respecting the dignity and individuality of all who use them.

Our Values

We will:

- Treat people fairly and with respect;
- Be open and honest and act with dignity;
- Put patients, clients, carers and community at the heart of all we do;
- Value staff and support their development to improve our care;
- Embrace change for the better; and
- Listen and Learn.

Management Commentary

Performance

Achievement of Ministerial priorities - Trust on Target

All aspects of Trust business are closely monitored. This enables us to ensure that all our services are running smoothly and on target. It also provides an early warning if something is not on track. Every month the Trust's senior management team scrutinises detailed information about a wide range of areas, including those below, and will review areas on a weekly basis if we are encountering particular challenges or demands on our services.

- Time patients wait to be seen in the Emergency Department;
- How long patients wait to receive their first outpatient assessment ;
- Turnaround time for diagnostic tests;
- Infection rates and hospital cleanliness; and
- Patients' views.

Our performance reports also go to monthly public Trust Board meetings with papers published on our website www.southerntrust.hscni.net. This level of performance management helps us to ensure that what we do is safe, that we are making best use of our resources and meeting targets which are there to benefit patients and clients.

During 2012/13 the Trust continued to further develop and improve many important services. Our dedicated staff also worked hard to meet targets designed to ensure better access to high quality services. Key achievements included:

- 9 out of 10 patients attending A&E departments were treated and admitted or discharged within 4 hours and 0.03% (41 out of 147,121 patients) waited over 12 hours.
- No patients waited longer than 9 weeks for an imaging diagnostic test.
- 9 out of 10 patients were seen within 9 weeks for out-patient assessment.
- 7 out of 10 patients were seen within 13 weeks for in-patient or day case treatment.
- 98% of patients who were ready to go home when their hospital treatment was complete were discharged within 48 hours.
- Every older person with continuing care needs had their assessment carried out within 8 weeks.
- Resettlement of long-stay adults from learning disability hospitals continued with a further 11 people resettled during the year in line with the Bamford Report recommendations.

Southern Trust facts and figures 2012/13

The Trust spends approximately £1.5m per day delivering services to local people.

During the past year:

- There were a total of 6,103 births in the Southern HSC Trust. There were 4,198 births in Craigavon Area Hospital and 1,905 in Daisy Hill Hospital.
- 76,271 people attended Craigavon Area Hospital Emergency Department and 41,207 attended Daisy Hill Hospital Emergency Department.
- A total of 29,643 people received treatment at the Minor Injuries Units across the Southern Trust.
 - 21,401 received treatment at the Minor Injuries Unit at South Tyrone Hospital;
 - 7,367 at the Minor Injuries Unit in Armagh Community Hospital; and
 - 875 attended the Minor Injuries Unit at Mullinure Hospital.
- Total Number of Outpatient Attendances – 370,570
 - new outpatient attendances – 112,997
 - review outpatient attendances – 257,573
- Total number of inpatient admissions – 55,890
 - Elective – 7,968
 - Non-elective – 47,922
- Number of daycases – 30,872
- The Trust received 12,667 child care referrals.
- The GP Out of Hours service:
 - received 115,768 patient telephone calls.
 - 56,229 patients were assessed by a GP or Nurse via telephone and provided with healthcare advice.
 - 51,294 patient appointments were provided in the Out of Hours centres at Daisy Hill, South Tyrone, Mullinure, Craigavon and Kilkeel.
 - 671 patients did not attend for a booked appointment. 111 patients cancelled their call to the GP Out of Hours service as they had gone to the emergency department.
 - 7,246 home visits to patients were undertaken by GPs across the Trust area.
 - 297 patients chose to attend the Out of Hours centre in Castleblayney (via the CAWT cross border project).

The Trust provides care and support through:

Programme of Care	Residential Care	Nursing Home Care	Domiciliary Care Package*	TOTAL
Elderly	342	1332	3810	5484
Mental Health	46	121	372	539
Learning Disability	126	178	727	1031
Physical and Sensory Disability	5	52	660	717
TOTAL	519	1683	5569	7771

*Domiciliary Care Package can be in receipt of one or more of the following -statutory or independent sector domiciliary care providers, meals, direct payments, day care or respite.

The Trust facilitates the transport of 834 people each day into Day Centres (i.e. 525 are on fleet buses and 309 going with a mix of private coaches, minibuses, taxis, and volunteer drivers).

Data Protection Information

The Trust had no data breaches during 2012/13 that required reporting to the Information Commissioner.

Commitment to Equality

Disability Action Plan

Having reviewed progress during 2012/13, the Trust Board has given approval to its second Disability Action Plan. This plan builds on the earlier successes of the Trust's first plan aimed at furthering the '*disability duties*' i.e. to encourage the participation of disabled persons in public life and the promotion of positive attitudes toward disabled people.

Notable successes included the launch of the Trust's Framework Policy on the Employment of Disabled Persons; the Trust's Disability Etiquette Booklet aimed at promoting positive staff attitudes toward disabled persons; the launch of the Trust's Placement Policy to facilitate meaningful placement opportunities for disabled person as a bridge to substantive employment; along with Reasonable Adjustment Guidelines for Managers to ensure the timely provision of reasonable adjustments in the workplace for persons with a disability.

Transforming Your Care – Mainstreaming the Trust's Equality Duties

In keeping with its commitments in its Equality Scheme the Trust will ensure that the Section 75 equality duties are mainstreamed into the decision making processes as it seeks to implement the recommendations in Transforming Your Care.

Access to Services

The Trust is committed to ensuring equality of access to all of its services. During 2012/13 the Trust continued to respond to the needs of service users who do not speak English as a first Language. The main minority languages spoken within the Southern Trust are Polish, Lithuanian and Portuguese. To ensure equality of access and in line with the patients/client standards services users should be communicated with in a way that is sensitive to their needs and in their preferred format. The Northern Ireland Health and Social Care Regional Interpreting Service (NIHSCIS), managed by the Belfast Trust, continue to meet the demand for interpreting services across the Health and Social Care family of organisations. Subsidiary arrangements are in place where the NIHSCIS cannot meet demand. The Trust continues to provide practical workshops for HSC staff to ensure the cost effective and appropriate use of these provisions.

Protecting the Environment

This year, the Trust took part in the 14th Arena Network Environmental Survey – Northern Ireland's leading environmental benchmarking exercise. We were awarded Quintile 2 status (60-79%) demonstrating continual improvement in environmental performance. The Trust must comply with the Carbon Reduction Commitment (CRC) requirement to monitor carbon emissions for all electricity and fuels consumed and pay the required allowances. We can demonstrate a 2% reduction in carbon emissions over the last year.

During the year we made further investment in the monitoring of Trust facilities for energy and water consumption helping us to identify wastage, review performance and to generate energy projects that can further improve patient care.

As part of this scheme we aim to provide the public with greater visibility of our environmental performance which will be demonstrated at our main hospital sites over the next year with displayed daily updates on energy use.

The Trust is also part of an EU funded research and development project (EDISON project) on LED lighting. This is a significant project particularly as it is the only project including healthcare in the research into ICT for energy efficiency in Public buildings. The combined heat and power scheme at Daisy Hill Hospital (DHH) has been operating for over a year and is demonstrating significant carbon emission savings for the site. In view of the savings demonstrated at DHH, it is planned to make significant investment in the energy infrastructure at Craigavon Area Hospital (CAH).

Water loss through leakage should now be reduced following the investment to replace the cast iron water mains at CAH. The Trust is responsible for this infrastructure which is of particular importance as approximately £30,000 per month is spent on water on the site.

Other energy efficient projects completed over the last year include installation of more energy efficient lifts at CAH and DHH which enhances the reliability and environment for patients, public and visitors and improves efficiency in terms of energy demand at these sites. The thermal fabric of the South Tyrone Hospital site is being improved and will help to reduce energy losses at the site. Investment in these areas is a key aspect of the Trust commitment to reducing carbon emissions and will help to save on our energy bill.

Waste Management

The Trust has introduced a new waste contract for domestic waste which has now increased the on-site recycling rate to 12%. There are plans to promote the use of waste management e-learning for all staff and provide expert advice on all aspects of waste management and to review waste storage areas across the Trust and identify areas for improvement.

Sustainability

The draft Sustainability Strategy 2020 builds upon the previous Environmental Strategy 2009 – 2011 and incorporates the key environmental priorities for the Trust and DHSSPS Northern Ireland. These key priorities have been developed into objectives and targets to be achieved by 2020. The three key components of sustainability are:

- Taking a holistic view of all activities and considering their environmental, social and economic implications
- Thinking about whole life issues when planning, designing, building and maintaining the Estate
- Making sure that everyone thinks about the way resources are used each and every day within the Trust and also in the home.

Trust buildings and sustainable development

BREEAM is the measure of the environmental performance of new and refurbished Trust buildings. Adopting the BREEAM standard means the Trust will reduce operational costs and meet the objectives under the Northern Ireland Sustainable Development Strategy and Implementation Plan.

All BREEAM qualifying capital development projects must have a BREEAM pre-assessment completed for each of the short listed options with the BREEAM pre-assessment of the preferred option achieving an 'excellent' rating for new build projects and a 'very good' rating for refurbishment projects.

Climate Week 2013

The Southern Trust took part in Climate Week in March to promote the message of protecting the environment and promoting energy awareness by reducing carbon emissions across the Trust's estate.

Clinical and Social Care Governance

Clinical and social care governance is a high priority for the Southern Trust. The Trust's Governance arrangements continually evolve to meet the needs of the organisation and our accountability to our public. We continue to strive to be one of the leading learning organisations in healthcare, reviewing our strengths and weakness in the provision of care and working to constantly improve this for all service users.

To help us identify areas in which we need to improve we welcome all comments and complaints regarding our services. We recognise that at times, patients, families and carers may have concerns about their care or treatment and we are committed to ensuring that we learn from these experiences.

Each service directorate is supported by a dedicated team who assist frontline staff in reviewing comments and complaints from service users and the learning from them. Our patient client experience committee meets quarterly and provides an opportunity for lessons learnt from our complaints to be shared across all our service directorates.

In 2012/13 the Trust reviewed its Incident Management Procedure to reflect our focus on patient experience and safety. With regards to the management of complaints we continue to train our staff in complaints management, a corporate complaints officer has also been appointed to provide a single contact for our users regarding areas of dissatisfaction. Our We Value Your Views Leaflet for comments, suggestions, compliments and complaints was also reviewed and updated in 2012/13 in a variety of formats for services users.

Professional Governance

The Trust's professional governance team is responsible for promoting safe and effective care, enhancing the quality of services and training and workforce development for nurses, midwives, social work staff and Allied Health Professionals. To support this function the Assistant Directors for professional governance have structural arrangements in place to meet professional/ regulatory body and Trust standards and guidelines.

The Trust Governance Statement can be found at pages 36 to 63 of the Annual Accounts.

Signed  (Chief Executive) Date: 26 September 2013

Financial Commentary on the Year Ended 31 March 2013

As predicted and described in the commentary to the 2011/12 accounts, the 2012/13 year, now ended, did indeed present significant financial challenge. The Trust was tasked with delivering cash savings of £11m as the first of three instalments of cash release required for the current Comprehensive Spending Review (CSR) period, ending on 31 March 2015 and requiring the accumulation of recurring savings of £27m. The settlement also requires the delivery of £16m in productivity gain (more activity at no extra cost) over the same period. These amounts are additional to the £36m recurring saving required from the previous 3 year CSR period.

The financial position is also heavily influenced by the emergence of new or enhanced treatments, new standards on the quality of care and multiple pressures which result in an increase in the cost of delivering the same level of activity. In this financial year, the identification of the impact of various water borne diseases required significant one-off investment and will require substantial on-going expenditure to minimise this risk. The out-workings of the 'Agenda for Change' agreement on pay and conditions of service also continues to present cost pressures which, in the absence of extra funding, must be accommodated within existing resources. The Trust also deals with on-going cost pressures associated with the upkeep and modernisation of sites and premises and the work necessary to enhance fire safety, the robustness of essential plant and machinery and increasing environmental issues including carbon reduction commitments.

It is pleasing to report that the Trust successfully managed this significant challenge and is reporting a small year-end surplus of £45,000. As always this performance is due to the commitment of all staff to overcome the limitations of resource availability and maintain their focus on the delivery of safe and effective care across the whole range of our hospital and community services.

Results

The Trust's main funding source is its Revenue Resource Limit (RRL) from the DHSSPS. It contained expenditure within the RRL of £534.210m by £45k. The Trust also receives a limited amount to spend on capital, the Capital Resource Limit (CRL). It kept within the CRL of £26.789m by £1.802m.

Public Sector Payment Policy

The DHSSPS requires that Trusts pay their Non HSC trade creditors in accordance with applicable terms and appropriate Government Accounting guidance. The Trust's payment policy (a copy of which can be obtained from the Director of Finance) is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is as follows:

	2013 Number	2013 Value £000	2012 Number	2012 Value £000
Total bills paid in year	123,324	212,108	114,327	180,118
Total bills paid within 30 days or under agreed payment terms	114,113	203,165	104,281	172,195
Percentage of bills paid within 30 days or under agreed payment terms	92.5%	95.8%	91.2%	95.6%
Total bills paid within 10 days	59,689	148,329	49,710	124,997
Percentage of bills paid within 10 days	48.4%	69.9%	43.5%	69.4%

The measure of compliance with the Public Sector Payment Policy is shown above for both the number and value of payments made. The variation in the percentage reported under the two measures is due to the high volume of low value payments made by the Trust which results in a smaller percentage being achieved when measuring compliance based on the number of payments made.

During the year the SHSCT made no late interest payments.

From 16 March 2013 EU Directive 2011/7/EU on Combating Late Payment in Commercial Transactions was implemented through the Late Payment of Commercial Debt Regulations 2013. These regulations apply to all contracts made from 16 March 2013. They require all public bodies to pay suppliers for goods/services received within 30 days of receiving an undisputed invoice. The impact of this directive will take effect 30 days from 16 March 2013 (which is payment to be received by 14 April 2013) and the performance against the EU directive will be shown in the 2013/14 financial year accounts.

This change in regulations does not impact the Northern Ireland Executive's commitment to paying suppliers as quickly as possible. Public sector organisations should continue to pay suppliers whenever possible within 10 working days. Trusts are now required to disclose their performance both in terms of paying invoices within 30 days and 10 days, as shown in the above table.

Related Party Transactions

The Trust is an Arm's length body of the DHSSPS and, as such, the Department is a related party with which the Trust has had various material transactions during the year:

Funding – Revenue Resource Limit £534.210m of which Non Cash Revenue Resource Limit was £36.290m.

In addition to the above, during the year the Trust entered into transactions with the following

related parties (as defined by IAS 24), organisations in which several Directors disclosed interests:

	Total Value of Transactions	Balance Outstanding at Year End
	£	£
Ann's Homecare Domiciliary Care Agency	Payments: 3,726,473	111,925
Enable NI	Payments: 135,454	0
RPS Consulting Engineers	Payments: 129,773	0
Southern Education & Library Board	Payments: 13,156 Receipts: 83,889	9,486
Edward Street Hostel Ltd	Payments: 10,510 Receipts: 905	48
Royal School, Armagh	Payments: 241	0

Post Balance Sheet Events

In August 2013, as part of its consideration of post Balance Sheet events, the Trust was advised that the Directorate of Legal Services had revised its estimate of clinical negligence cases. As a result of further expert medical evidence, the year end provision increased by £3.35m in respect of one clinical negligence case. Following discussion with the DHSSPS, the Trust was provided with additional non-cash Revenue Resource Limit cover of £3.35m to meet the increased clinical negligence costs in 2012/13 and fulfil the obligation to break even. This adjusting post Balance Sheet event has been reflected in the annual accounts.

Audit

The accounts and supporting notes relating to the SHSCT's activities for the year ended 31 March 2013 have been audited by the Northern Ireland Audit Office. The report of the Comptroller and Auditor General is included on pages 64 to 65. The Chief Executive and each Director has taken all the steps that she/he ought to have taken as Chief Executive/Director to make herself/himself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

So far as the Chief Executive and each Director is aware, there is no relevant audit information of which the Trust's auditor is unaware.

The notional cost of the audit of the accounts for the year ended 31 March 2013 which pertained solely to the audit of the Accounts was £55,250. An additional amount of £2,575 was paid to the NIAO in respect of work carried out on the National Fraud Initiative. This is reflected within miscellaneous expenditure in Note 4 to the Accounts.

Pension Liabilities

The accounting treatment of pension liabilities is explained in Note 1.20 of the annual accounts on page 80.

Remuneration Report for the Year Ended 31 March 2013

Fees and allowances paid to the Chairman and other Non-Executive Directors are as prescribed by the Department of Health and Social Services and Public Safety.

The remuneration and other terms and conditions of Executive Directors are by the Remuneration and Terms of Service Committee. Its membership includes the Chair and all Non-Executive Directors. The terms of reference of the Committee are based on Circular HSS (PDD) 8/94 Section B.

For the purposes of this report the pay policy refers to Senior Executives, defined as Chief Executive, Executive Director and Functional Director and is based on the guidance issued by the Department of Health and Social Services and Public Safety on job evaluation, grades, rate for the job, pay progression, pay ranges and contracts.

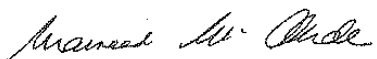
Pay progression is determined by an annual assessment of performance. It is the responsibility of the Remuneration and Terms of Service Committee to monitor and evaluate the performance of the Chief Executive ensuring that any discretionary awards in terms of performance related pay are justifiable in light of the Trust's overall performance against the annual Trust Delivery Plan. During 2012/13, emphasis continued to be on patient safety, ministerial targets and financial balance. The Chief Executive in turn is responsible for the assessment of performance of the Senior Executives based on the attainment of individual objectives established at the outset of the year, and for the submission of recommendations to the Remuneration and Terms of Service Committee for its annual review of salaries which are conducted in accordance with the relevant circulars issued by the Department of Health, Social Services and Public Safety.

The levels of performance pay permitted applied by the Remuneration and Terms of Service Committee are prescribed by Department of Health and Social Services and Public Safety. Pay progression as at 1st April 2012 based on performance for Senior Executives in the period 1 April 2011 to 31 March 2012 was set at 3% for both superior and fully acceptable performance for those employed on contracts before 23rd December 2008 and 1% for those employed on contracts after 23rd December 2008. No award is made for unsatisfactory performance.

Senior Executive pay ranges were also increased by 1% from 1st April 2012 following the end of the 2 year pay freeze on public sector pay. During 2012/13, all contracts were permanent and provide for three months' notice for both parties.

As far as all Senior Executives are concerned, the provisions for compensation for early termination of contract are in accordance with the appropriate Departmental guidance.

Dr Gillian Rankin retired from the post of Director of Acute Services on 31st March 2013.

Signed  (Accounting Officer)

Date: 26 September 2013

Senior Employees' Remuneration (Audited)

The salary and the value of any taxable benefits in kind of the most senior members of the Southern HSC Trust were as follows:

	2012/2013			2011/2012		
Name	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)
Non-Executive Members						
Mrs R Brownlee	25-30	0	0	30-35	0	0
Mrs E Mahood	5-10	0	0	5-10	0	0
Mr R Alexander	5-10	0	0	0-5 (5-10 full year equivalent)	0	0
Mrs D Blakely	5-10	0	0	5-10	0	0
Mr E Graham	5-10	0	0	5-10	0	0
Mrs H Kelly	5-10	0	0	5-10	0	0
Dr R Mullan	5-10	0	0	5-10	0	0
Mrs S Rooney	5-10	0	0	0-5 (5-10 full year equivalent)	0	0

	2012/2013			2011/2012		
Name	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)
Mrs M McAlinden – Chief Executive	95-100	0-5	0	95-100	0	0
Mr S McNally – Director of Finance & Procurement	85-90	0-5	0	85-90	0	0
Dr J Simpson –Medical Director	165-170	0	0	95-100 (145-150 full year equivalent)	0	0
Mr P Morgan – Director of Children & Young People’s Services	70-75	0-5	0	70-75	0	0
Mr F Rice – Director of Mental Health & Disability	90-95	0-5	0	90-95	0	0
Mr M Crilly – Acting Director of Mental Health & Disability Services	5-10 (70-75 full year equivalent)	0	0	N/A	N/A	N/A
Other Members						
Mrs P Clarke -Director of Performance & Reform	70-75	0-5	0	70-75	0	0
Dr G Rankin – Director of Acute Services	90-95	0-5	0	90-95	0	0

	2012/2013			2011/2012		
Name	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)
Mr K Donaghy – Director of Human Resources & Organisational Development	80-85	0-5	0	80-85	0	0
Mrs A McVeigh – Director of Older People & Primary Care	75-80	0-5	0	75-80	0	0

Mrs R Brownlee received arrears in 2011/12 in respect of her appointment as Chair in March 2011. This resulted in her salary for 2011/12 being higher than that for 2012/13.

Dr J Simpson's salary in 2012/13 included arrears received in respect of the period from 1 August 2011.

Mr M Crilly was appointed to the post of Acting Director of Mental Health and Disability Services on 1st March 2013. Dr G Rankin retired from the role of Director of Acute Services on 31st March 2013.

Median Remuneration

	2012/2013	2011/2012
Band of Highest Paid Director's Total Remuneration (£000s)	165-170	145-150
Median Total Remuneration	£26,043	£26,029
Ratio	6.4	5.7

Reporting entities 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 the Trust in the financial year 2012/13 was £165k-£170k (2011/12: £145k-£150k). This was 6.4 times (2011/12: 5.7 times) the median remuneration of the workforce, which was £26,043 (2011/12: £26,029).

In 2012/13, 19 (2011/12: 41) employees received remuneration in excess of the highest paid director. Remuneration ranged from £165k to £240k (2011/2012: £145k to £200k). All of these employees were clinicians.

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

In 2012/13 and 2011/12 the most highly paid Director was the Medical Director.

Pensions of Senior Management (Audited)

The pension entitlements of the most senior members of the Southern HSC Trust were as follows:

Name	2012/2013		CETV at 31/03/12 £000s	CETV at 31/03/13 £000s	Real Increase In CETV £000s
	Real Increase in pension and related lump sum at age 60 £000s	Total Accrued pension at age 60 and related lump sum £000s			
Non-Executive Members					
Mrs R Brownlee	N/A	N/A	N/A	N/A	N/A
Mrs E Mahood	N/A	N/A	N/A	N/A	N/A
Mr R Alexander	N/A	N/A	N/A	N/A	N/A
Mrs D Blakely	N/A	N/A	N/A	N/A	N/A
Mr E Graham	N/A	N/A	N/A	N/A	N/A
Mrs H Kelly	N/A	N/A	N/A	N/A	N/A
Dr R Mullan	N/A	N/A	N/A	N/A	N/A
Mrs S Rooney	N/A	N/A	N/A	N/A	N/A

Executive Members					
Mrs M McAlinden – Chief Executive	0-2.5 plus 2.5-5 lump sum	35-40 plus 115-120 lump sum	607	666	24
Mr S McNally – Director of Finance & Procurement	(0-2.5) loss plus (0-2.5) lump sum	35-40 plus 110-115 lump sum	790	831	(5)
Dr J Simpson – Medical Director	0-2.5 plus 5-10 lump sum	55-60 plus 165-170 lump sum	1,094	1,194	39
Mr P Morgan – Director of Children & Young People's Services	0-2.5 plus 0-2.5 lump sum	25-30 plus 80-85 lump sum	551	590	8
Mr F Rice – Director of Mental Health & Disability Services	0-2.5 plus 2.5-5 lump sum	30-35 plus 95-100 lump sum	509	560	22
Mr M Crilly – Acting Director of Mental Health & Disability Services	0-2.5 plus 0-2.5 lump sum	25-30 plus 75-80 lump sum	477	511	7
Other Members					
Mrs P Clarke -Director of Performance & Reform	0-2.5 plus 0-2.5 lump sum	15-20 plus 55-60 lump sum	301	327	9
Dr G Rankin – Director of Acute Services	(0-2.5) loss plus (0-2.5) lump sum	40-45 plus 120-125 lump sum	895	941	(7)
Mr K Donaghy – Director of Human Resources & Organisational Development	0-2.5 plus 0-2.5 lump sum	35-40 plus 105-110 lump sum	721	778	16
Mrs A McVeigh – Director of Older People & Primary Care	0-2.5 plus 0-2.5 lump sum	30-35 plus 95-100 lump sum	601	638	2

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

Cash Equivalent Transfer Values

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 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HSC pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

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

Off-Payroll Engagements

In 2012/13 there is a new requirement for Trusts to disclose the details of off-payroll engagements at a cost of over £58,200 per annum that were in place as at 31 January 2012.

The Trust's use of Off Payroll Staff Resources in 2012/13 is shown below:

	Number of staff
Off Payroll staff as at 31 Jan 2012	12
Changes from 31 Jan 2012 to 31 March 2013	Number of staff
Transferred to payroll	0
Assignment completed	10
Assignment continuing	2
Total	12

The 12 off-payroll engagements related to locum doctors working within the Trust. 10 of these engagements came to an end between 31 January 2012 and 31 March 2013, 2 remain in place.

Reporting of Early Retirement and Other Compensation Scheme – exit packages (Audited)

Exit Package Cost Band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
<£10,000	0	0	5	1	5	1
£10,000-£25,000	0	0	22	6	22	6
£25,000-£50,000	0	0	33	18	33	18
£50,000-£100,000	0	0	13	21	13	21
£100,000-£150,000	0	0	4	7	4	7
£150,000-£200,000	0	0	0	1	0	1
Over £200,000	0	0	0	0	0	0
Total number of exit packages	0	0	77	54	77	54
	£000s	£000s	£000s	£000s	£000s	£000s
Total Resource Cost	0	0	2,988	3,295	2,988	3,295

Total Number of Exit Packages by Types					
		2012/13	2011/12		
Change of Management		20	34		
Transforming Your Care		57	0		
Business Services Transformation Programme		0	20		
Total		77	54		

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. Some of the above exit costs were met from provisions £893k (2011/12: £793k) and the remainder are reflected in note 4 of the Annual Accounts within operating expenses £2,095k (2011/12: £2,502k).

The exit packages in 2012/13 which impact net expenditure represent voluntary leavers who have left as a consequence of changing management structures and Transforming Your Care (TYC).

Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

Annual Accounts for the Year Ended 31 March 2013

FOREWORD

These accounts for the year ended 31 March 2013 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

Southern Health and Social Care Trust

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Department of Health, Social Services and Public Safety has directed the Southern Health and Social Care Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Southern HSC Trust, of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of Government Financial Reporting Manual (FREM) and in particular to :

- observe the Accounts Direction issued by the Department of Health, Social Services and Public Safety including 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 FREM have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Southern HSC Trust will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Southern HSC Trust.
- pursue and demonstrate value for money in the services the Southern HSC Trust provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Mrs Mairead McAlinden of Southern HSC Trust as the Accounting Officer for the Southern HSC Trust. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Southern HSC Trust's assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety.

Southern Health and Social Care Trust

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

CERTIFICATES OF DIRECTOR OF FINANCE, CHAIR AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts pages 66 to 125 which I am required to prepare on behalf of the Southern Health and Social Care Trust (Southern HSC Trust) have been compiled from and are in accordance with the accounts and financial records maintained by the Southern HSC Trust and with the accounting standards and policies for HSC bodies approved by the DHSSPS.



Director of Finance (Southern HSC Trust)

26th September 2013

Date

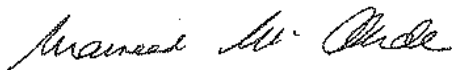
I certify that the annual accounts set out in the financial statements and notes to the accounts pages 66 to 125 as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chair (Southern HSC Trust)

26th September 2013

Date



Chief Executive (Southern HSC Trust)

26th September 2013

Date

Southern Health and Social Care Trust

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Governance Statement

1. Scope of Responsibility

The Board of Directors of the Southern HSC Trust is accountable for internal control. As Accounting Officer and Chief Executive of the Trust, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible in accordance with the responsibilities assigned to me by the Department of Health, Social Services and Public Safety.

In delivering these responsibilities, I am accountable for the Trust's performance to the Health and Social Care Board (HSCB) and DHSSPS and report through agreed performance management arrangements and Service and Budget Agreements.

This has entailed regular performance management meetings with the HSCB, weekly reporting and meetings between Trust officers and the Performance Management Service Improvement Directorate within the HSCB.

In order to improve the quality, safety, effectiveness and efficiency of services, the Trust works in partnership with the HSCB, Public Health Authority (PHA), other public sector partners and the independent sector. A range of processes are in place to facilitate and enable this partnership working with examples including:

- bimonthly meetings with Trust, HSCB and PHA senior teams
- regional and local Transformation Programme Boards to work together to implement Transforming Your Care (TYC)
- engagement with local GPs through locality forums and senior Trust attendance at LMC services development committee
- regular meetings with Independent Health and Care Providers (IHCP) and other independent sector providers about key interface issues
- forums such as the regional children's service planning project board that include HSC partners, community/voluntary sector and other statutory agencies such as Education
- promoting health and wellbeing processes involving a range of partners focussed on ensuring effective collaboration to address the specific and individual needs of local communities

With respect to the Trust inter-relationship with the DHSSPSNI, the framework within

which the Trust is required to operate is defined and agreed in the Management Statement and Financial Memorandum. This sets out the Trust founding legislation, functions, duties; responsibilities and accountability of the Trust and DHSSPS; processes for planning, budgeting and control with the specific purpose of the Management Statement covered in Annex 7.4 of “Managing Public Money NI” which states that ‘Departments need arrangements to monitor and understand their NDPBs’ strategy, performance and delivery, usually built around a management statement and financial memorandum (MS/FM). This model MS/FM for executive NDPBs is intended to provide departments with a document that sets out a clear framework of strategic control for each of their executive NDPBs. The framework covers the operations, financing, accountability and control of the NDPB and the conditions under which any government funds are provided to the body. All MS/FMs require DFP approval as do any subsequent significant revisions. The specific requirements for the Trust as an ALB are further defined and agreed annually in the Annual Business Plan.

2. Compliance with Corporate Governance Best Practice

The Trust applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. The Trust does this by undertaking continuous assessment of its compliance with Corporate Governance best practice and the effectiveness of the Trust’s governance arrangements are regularly considered by the Governance Committee on behalf of the Board.

In line with good governance best practice, Trust Board members carried out a board effectiveness evaluation during the year and an analysis of the findings presented at the Board Development Day in November 2012. Overall results in 2012 demonstrated an improvement in the Board’s performance across all domains when compared with the previous year. In addition, the Board completed the Board Governance Self-Assessment Tool for use by DHSSPS Sponsored Arm’s Length Bodies as part of its commitment to Board evaluation, development and learning and drew up an action plan accordingly. Whilst the Board undertakes a formal evaluation of its effectiveness on an annual basis, this has not been independently evaluated by a third party. This work is underway, the outcomes of which will be presented at the Board Development Day on 14th November 2013.

All Trust Board members uphold the 7 principles of public life and an updated Code of Conduct and Code of Accountability were issued to members in July 2012, together with a covering letter from the Chair. Good practice principles for Board and Committee meetings were also issued to members during the year and at each meeting, the Chair emphasises the need to ensure that these good practice principles are adhered to. At the start of each meeting, members are requested to declare any potential conflicts of interest in relation to agenda items.

A Register of Declaration of Interests is maintained by the Board Assurance Manager and this is reviewed on an annual basis (or sooner, if changes are notified by Board members) and is available upon request for members of the public.

3. Governance Framework

The Trust has an Integrated Governance Framework in place which brings overall coherence to the Board’s exercise of the various component parts of governance. It sets out the arrangements by which the Board will be assured that there is a comprehensive system for

continuous quality improvement, controls assurance, risk management, clinical and social care governance; that objectives are being met; and services are safe and of a high quality.

The Board exercises this strategic control over the organisation through a system which includes:

- A schedule of matters reserved for Board decisions
- A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing orders and standing financial instructions;
- An Audit Committee;
- A Governance Committee;
- An Endowments and Gifts Committee;
- A Remuneration Committee; and
- A Patient/Client Experience Committee.

All Trust Board Committees are chaired by a Non-Executive Director and have clear terms of reference and lines of reporting and accountability agreed by Trust Board. Minutes of the Sub Committees are presented at Trust Board public meetings in a timely manner and the agenda and minutes of all Trust Board meetings provide evidence of these Committees fulfilling their responsibilities. In addition, the Committee Chairs meet with the Trust Chair and Chief Executive after each meeting to provide feedback on the work of their respective Committees.

Trust Board

The composition and membership of the Board is defined by the Membership, Procedure and Administration Arrangements Regulations and is as follows:

- Chairman (Appointed by the DHSSPS Public Appointments Unit)
- 7 Non-executive members (Appointed by the DHSSPS Public Appointments Unit)
- 5 Executive members – Chief Executive; Director of Finance; Medical Director; Director of Nursing and Director of Social Work

In addition to the members listed above, other members of the senior management team are in attendance and are as follows:-

- Director Acute Services
- Director of Human Resources and Organisational Development
- Director of Performance and Reform
- Director of Older People and Primary Care Services

In line with Standing Orders, no business shall be transacted unless half of the whole number of the Chair and members (including at least 2 members who are also Executive members of the Trust and two members who are not) are present.

The Trust Board held 9 formal Board meetings and 5 Board workshops during the year. Six of the 13 members of Trust Board had full attendance at all formal Trust Board meetings held in 2012/13. Two meetings of the nine formal Trust Board meetings in 2012/13 had full attendance by all members.

Meetings were widely publicised through the press and the Trust website. Attendance by the public is encouraged and the meetings were held at various locations throughout the Trust to facilitate public attendance. Agenda and minutes of all Trust Board meetings are publicly accessible on the Trust website.

The Board operates via an Annual Board calendar of meetings and agenda topics. During 2012/13, each Board agenda comprised strategic, operational, quality and performance items. Each agenda item had a time allocation to ensure that there was sufficient time for discussion and debate. Operational and patient safety and quality of care items were rotated to ensure equal priority. Time was also allowed at alternate meetings for the Board to reflect on innovative practice in relation to quality improvement. The Board received reports at each meeting on the financial position, workforce information and performance against targets.

5 Board workshops were held during the year, at which members explored strategic issues and planned service developments. Training was also provided on the Corporate Manslaughter Act and Information Governance requirements.

The Trust Board held a Development Day 'Changing for the Better, Sustaining Success' in November 2012. This is an important event in the Annual Board calendar in terms of whole Board development.

The Board also undertook an evaluation of the performance of its Committees during the year, the outcomes of which the Chair reported on at the Board Development Day in November 2012.

Audit Committee

The Audit Committee is required by its Terms of Reference to meet not less than 3 times a year. During 2012/13, the Committee held 5 meetings to provide the Trust Board with assurance on the adequacy and effectiveness of internal control systems and that all regulatory and statutory obligations are met. In line with its Terms of Reference, which is reviewed on an annual basis, the Committee reviewed governance, risk management and internal control across a planned range of activities.

The membership of the Audit Committee comprises Non-Executive Directors (5 in total). A quorum is 2 members. On the recommendation of the Permanent Secretary, the Trust's Chair separated the membership of the Audit and Remuneration Committees to ensure that full standards of probity are met. Accordingly, one of the Non-Executive Directors stood down from the Audit Committee during the year. The Director of Finance, Head of Internal Audit, Business Services Organisation (BSO), external auditors Northern Ireland Audit Office (NIAO) and their sub-contracted auditors are in attendance.

In carrying out its work, the Committee used the findings of Internal Audit, External Audit and other assurance functions. It approved the Internal Audit programme of work and reviewed progress on implementing internal and external recommendations. It considered reports from Internal Audit at each meeting and overall accepted the findings and recommendations of Internal Audit in its reports for 2012/13. The Audit Committee particularly focused on assuring itself that there was an effective process within the Trust for addressing Priority Audit Findings and received regular updates from the Director of Finance who maintains a log of outstanding issues and receives progress reports from each Director on a quarterly basis. Operational Directors are required to attend Audit Committee meetings where less than satisfactory assurance had been received from Internal Audit for an area within their

responsibility. Fraud is a standing item on the Committee's agenda and the Trust's Fraud Liaison Officer presents a report of suspected/actual frauds at each meeting. The Committee received a presentation on the challenges faced by the Trust in 2012/13 on implementing the Business Services Transformation Programme (BSTP). On an annual basis the Committee reviews the findings of the External Auditor concerning the Trust's Annual Accounts, including the Governance Statement (formerly the Statement of Internal Control).

The Committee assessed its effectiveness against the National Audit Office (NAO) Audit Committee self-assessment checklist. One action emerged, that of the compilation of an Audit Committee Annual Report and this has been addressed.

Governance Committee

The Governance Committee is required by its Terms of Reference to meet not less than 3 times a year. Meetings are held on a quarterly basis - February, May, September and December and during 2012/13, all 4 meetings were held as per the agreed schedule.

The Governance Committee considered all matters pertaining to integrated governance and during the year regularly considered the effectiveness of the Trust's governance arrangements. In order to discharge this remit, the Committee has a Schedule of Reporting in place and the key areas reported at meetings are in line with this. The Committee sought assurances on system improvements and received progress updates on the four work streams set up by the Governance Working Body. The Committee also received updates on arrangements in relation to Fire Safety, Water Safety, Stroke Collaboration, the National Early Warning System (NEWS), fall prevention and Podiatry Review appointments in discharge of its oversight responsibilities to the Board. Assurance reports were received from lead Directors in relation to their areas of responsibility being Medical, Social Work and Social Care and Nursing and Allied Health Professions. The Committee also considered the findings of external bodies/agencies and action plans in response to any recommendations emerging from these reports, for example, the Sentinel Stroke National Audit Programme (SSNAP), BSI Assessment Reports for Sterile Services and the NIAO Report on the Safety of Services provided by NI Health and Social Care Trusts. The Committee reviewed and updated its Terms of Reference during the year to include consideration of Information Governance progress reports.

The membership of the Governance Committee comprises all Non-Executive Directors (7 in total). The Chief Executive, the Senior Management Team (8 in total), the Director of Pharmacy and the Assistant Director of Clinical and Social Care Governance are in attendance. To ensure linkages with other Committees, the Chair of the Audit Committee and the Chair of the Patient and Client Experience Committee are members of the Governance Committee.

The Chair of the Governance Committee undertook an evaluation of the performance of the Committee during the year and reported on the outcome at the Board Development Day in November 2012.

Endowments and Gifts Committee

The Endowments and Gifts Committee is required by its Terms of Reference to meet not less than 3 times per year. During 2012/13, the Committee held 5 meetings to oversee the administration of the Endowments and Gifts funds, their investment and disbursement.

The membership of the Endowments and Gifts Committee is comprised of Non-Executive Directors (3 in total), the Director of Acute Services and the Director of Performance and Reform. The Director of Finance is in attendance. A quorum is not less than 3 members.

The Chair of the Endowments and Gifts Committee undertook an evaluation of the performance of the Committee during the year and reported on the outcome at the Board Development Day in November 2012. There were no emerging issues in terms of Committee performance highlighted.

Remuneration Committee

The Remuneration Committee is required by its Terms of Reference to meet on at least 2 occasions per year. The Committee held 3 meetings during 2012/13 to progress matters pertaining to the appropriate remuneration of senior executives, in accordance with DHSSPS policy and guidance.

On the recommendation of the Permanent Secretary, the Trust's Chair separated the membership of the Remuneration and Audit Committees to ensure full standards of probity are met. Accordingly, the Remuneration Committee comprises the Board Chair and two Non-Executive Directors who are not members of the Audit Committee. The Committee reviewed and updated its Terms of Reference during the year.

Patient and Client Experience Committee

The Patient and Client Experience Committee is required by its Terms of Reference to meet not less than 4 times per year. During 2012/13, the Committee held 4 meetings and considered information to provide assurance that the Trust's services, systems and processes provide effective measures of patient/client and community experience and involvement.

The membership of the Patient and Client Experience Committee comprises the Trust Chair and Non-Executive Directors (5 in total). Trust Directors, Assistant Director of Promoting Wellbeing and Assistant Director, Clinical and Social Care Governance, together with user representatives are in attendance.

The Committee held a workshop during the year to identify opportunities for development to deliver on-going improvements in those areas impacting on the user experience of care.

Senior Management Team

The Senior Management Team (SMT), whilst not a sub-committee of the Board, is accountable to the Chief Executive. It is responsible for the leadership, strategy, and priorities of the Trust and to oversee all aspects of operational and strategic activity to ensure that the Trust meets its statutory obligations and provides high quality and effective services. SMT meets on a weekly basis and its membership includes all Operational and Support Directors.

The operation of the SMT has been reviewed during 2012/13 and a more strategic focus has been agreed. Therefore, SMT Meetings are now rotated on an alternative weekly basis

between operational and strategic matters.

The SMT will not normally meet unless 4 directors are present and operational SMT meetings can only take place if they are chaired by the Chief Executive or a nominated director. Strategic SMT meetings have a rotating Chair from the Director Team to ensure each Director has the opportunity and time to discuss matters of strategic importance.

4. Business Planning and Risk Management

Business planning and risk management is at the heart of governance arrangements to ensure that statutory obligations and ministerial priorities are properly reflected in the management of business at all levels within the organisation.

This section provides an overview of the Trust's Business Planning Cycle.

The **Trust Delivery Plan** (TDP) represents the annual response of the Trust to Regional and Local Commissioning Plans and to the specific targets signalled in the Minister's Commissioning Plan Direction. Within this document the Trust identifies how it will seek to deliver on each of the key commissioning and ministerial priorities for the incoming year. The Plan also sets out how the Trust will utilise its resources in the year ahead, including its financial strategy, workforce strategy, capital investment plans, governance strategy and plans to promote wellbeing, personal and public involvement (PPI) and the patient experience.

The preparation of this plan is led by the Directorate of Performance and Reform and requires all Trust Directorates to feed into its development. The Corporate Planning Division link directly with each of the Directorates to co-ordinate responses to the key ministerial themes and TDP requirements as identified above. The targets set out within the Commissioning Plan are allocated to Directorates and each assigned to the relevant Assistant Director for response. Targets are then disseminated to Head of Service level to discuss how the target could be achieved. If it is felt by staff that a target is unachievable or where there is a material risk to service delivery then it is the Directorate's responsibility to specify this and where possible identify the resources necessary to enable the Trust to achieve the target.

It is the responsibility of Heads of Service to make their team aware of the targets relevant to their area of work and to ensure that issues which may impact on achievement are flagged up through Divisional Team meetings or staff supervision throughout the year.

The TDP is brought to SMT and Trust Board for approval prior to submission to DHSSPS.

Performance Monitoring Requirements

The monthly monitoring of targets is part of the Trust's performance management arrangements with the identification of issues requiring management actions being set out within the corporate dashboard which is reported to Trust Board.

A quarterly performance update on achievement towards each of the targets set out within the TDP is required at quarters ended June, September, December and March. This is informed by the most recent activity levels compared against baseline and target activity as well as through discussion on progress and plans for achievement with relevant Assistant

Directors. These updates are submitted to the DHSSPS as part of the Trust's performance monitoring requirements.

In 2012/13, key risks were associated with achievement of access targets for the end of March 2013 and whilst the majority of specialty areas did achieve the agreed backstop/access targets, in a number of areas the agreed position was not reached. Analysis has confirmed that this position relates to a number of common factors including:

- Evidence in year of increased demand across a range of specialties particularly for red flag and urgent case mix.
- The fact that recurrent investment has not yet been completely agreed and not embedded in our systems to allow teams to routinely achieve the required level of performance. This means that teams are continuing to seek to maintain an additional level of capacity beyond the core and/or source and manage additional capacity in the Independent Sector. The majority of specialty areas that breached the agreed backstop/access targets relate to areas where there are defined capacity gaps identified and agreed with the commissioner.
- Services delivered within the Trust on an outreach basis by another Trust over which the Trust has more limited control.

The Trust worked closely with HSCB and Southern Local Commissioning Groups (SLCG) to manage these risks in year. Action plans were developed and monitored with capacity difficult to secure in a number of specialties.

Agreement is imminent on a number of investments to address capacity gaps and these will be implemented during 2013/14. HSCB have sought plans from the Trust to ensure the performance position as at March 2013 will be at minimum held and where possible improved by quarter 2 of 2013/14 and the Trust is working to secure in-house and independent provider capacity to support these plans. The Trust is also working with HSCB to address on-going issues with respect to timely management of outpatient review appointments to seek to minimise the risks associated with extended delays in review timescales.

The **Corporate Plan** aims to ensure there is clarity and transparency on the priorities the Trust is setting for achievement in the year ahead. It sets out the actions the Trust will take in support of each of the corporate objectives. This will ensure that our local communities know what to expect from us, that all of our staff are aware of their role in delivering on these priorities and that we can demonstrate improvements and progress by the end of the year.

The Corporate Plan sets out the Trust's vision 'to deliver safe, high quality health and social care services, respecting the dignity and individuality of all who use them'. This vision is underpinned by the Trust's values which shape what it does and how it does it. These values are:

- We will treat people fairly and with respect;
- We will be open and honest, and act with integrity;
- We will put our patients, clients, carers and community at the heart of all we do;

- We will value and give recognition to staff, and their development and improve our care;
- We will embrace change for the better; and
- We will listen and learn.

The Trust's Corporate Objectives include: -

- Promoting safe, high quality care;
- Maximising independence and choice for our patients and clients;
- Being a great place to work, valuing our people;
- Making the best use of resources;
- Supporting people and communities to live healthy lives and to improve their health and wellbeing; and
- Being a good social partner within our communities.

The Corporate Plan is informed by: -

- Projects/key actions rolled forward from the previous year's Corporate Plan;
- Regional Strategy, e.g. Transforming Your Care/Local Population Plan;
- Ministerial Targets and Regional & Local Commissioning Plans;
- Commissioner Specifications for specific services;
- Trust 5 Year Strategy "Changing for the Better";
- Trust Service Strategies, e.g. "Changing for Children"; "Changing Times";
- Trust Delivery Plan;
- Capital Plans; and
- Other on-going projects/service reviews, including those necessary to delivery on productivity and efficiency targets.

Line managers ensure staff are aware of the key objectives, priorities and values contained within the Corporate Plan as they will be key to their achievement.

Compliance against the plan is monitored throughout the year and measured at the end of September and again at the end of year. The Trust is required to consider its achievement against the previous year's plan and reach agreement on those priorities which are to be rolled forward into the following year.

Directorate Work Plans for the coming year are developed on the basis of the Corporate Plan and TDP. These plans summarise the key deliverables falling under each objective in the Corporate Plan and TDP but will also detail the actions, action owner and timescales for achievements.

Each Directorate is required to engage with its staff in agreeing the priorities for the year ahead to ensure that there is a clear understanding of roles and responsibilities to support achievement.

The Directorate Work Plan is signed off at Directorate level and used to inform the development of individual Personal Development Plans.

Progress updates are generally carried out on a quarterly basis and some Directorates have found it useful to apply a traffic light system to assist in the monitoring of their actions at a high level for this purpose with more detailed discussion and monitoring taking place through staff supervision.

Strategic Plans

In addition to annual plans, the Trust develops strategic plans for a 3-5 year horizon. These plans set out the strategic vision for the organisation and its key service areas and, where required, provide the vehicle through which to consult with the population on areas of significant service change. This consultation includes an Equality Screening exercise and Equality Impact Assessment to ensure that all interested persons are consulted with. This means that the Trust can conform with the guiding principles governing consultation contained within its Equality Scheme and the Commission's Guide to the Statutory Duties. The outcome of the consultation is brought to the Trust Board for decisions to be made.

Service Development/Change

Decisions in regards to service development/change are often informed by a business case process. This may include projects necessary to support service improvement and modernisation as set out in the Trust Corporate Plan and TDP. The need for a service development proposal or business case will be initiated at Director level. The development of the case will be led by a project team, comprising of a range of stakeholders from across Directorates and services within the Trust. This is necessary to establish robust project management structures, identify the service need and drivers for change, to appraise potential options and inform a recommendation on the preferred way forward and its associated costs. An equality screening exercise and, where deemed appropriate, a formal consultation process including an Equality Impact Assessment will be undertaken on the preferred option to inform decision-making at SMT.

Once the business case has been completed and signed off by the project team it will proceed through an approval process which, depending on the type and level of funding required, may involve approval at both SMT and Trust Board within the organisation and by Commissioners and DHSSPS.

Risk Management

The Trust Board is responsible for reviewing systems and resources in place for managing all types of risk. The Board Assurance Framework is an integral part of the governance arrangements for the Trust. This identifies the principal risks to achieving the corporate objectives and provides reasonable assurance of the effectiveness of the controls. It also highlights where there are known gaps in controls and/or assurance and identifies the actions being taken to mitigate risk or provide assurance where this has been lacking. The Trust Board reviewed the Board Assurance Framework (BAF) on two occasions during the year - in April and November 2012. On each occasion, members assessed the assurances given and considered whether the current controls and assurance systems were sufficient and that the corrective action planned was sufficient/acceptable. Members approved the BAF on both occasions.

The Corporate Risk Register is complementary to and works in conjunction with the Assurance Framework. A high level summary of the Corporate Risk Register is included in the Board Assurance Framework and this provides the Trust Board with information on other significant risks that are under active management and review.

The key components of the Trust's risk management strategy are underpinned by the HPSS Controls Assurance Standard for Risk Management. The purpose of this Strategy is to ensure that the Trust manages risks in all areas using a systematic and consistent approach. It provides the framework for a robust risk management process. All supporting procedures for the identification and management of risk also reflect this standard.

Each operational directorate is supported by a Governance Team who facilitates the Director, Assistant Directors and Associate Medical Directors to identify, assess and manage and report on risk within their area of responsibility.

The risk management process is based on HPSS Guidance on the identification and management of risk (Australia/New Zealand Model) August (2003). The Trust's Risk Assessment Tool ensures that a consistent approach is taken to the evaluation and monitoring of risk in terms of the assessment of likelihood and impact. Risks are monitored through a formal reporting process where the assessed level of risk and its strategic significance determines where it will be reviewed and monitored.

The following key elements are used to identify risk within the organisation:

External Scrutiny and Inspection	Occurrences	Internal Assessments
Internal Audit Reports	Adverse Incident Reporting	Controls Assurance – Self Assessments
Accreditation Bodies Report	User Views	Performance reporting
RQIA reports	Complaints	Specialist Committees e.g. Infection Control Health & Safety etc.
Reports from Professional Bodies	Locally resolved expressions of dissatisfaction	Risk Assessments (including H&S; business/project planning e.g., new activities, services; referrals)
Health and Safety Executive Reports/Visits	Legal Claims	Management of relationship risk – i.e., service partners/key suppliers taking into account the behaviour and risk priorities of those partners
Environmental Health Reports	Patient and Client Satisfaction Measures	Networking with other organisations
Mental Health Commission Reports	Employee Satisfaction Measures	
Independent Reviews	Sickness and Absence Records	
Coroner's Reports	Staff Turnover	
	Medical Device and Equipment Alerts	
	Guidelines/Standards	

Risk registers are in place in all directorates. Risks identified and control measures in place are discussed monthly by the operational teams through the Directorate Governance Forums where they are reviewed, monitored and escalated as appropriate. The Senior Management Team review the Corporate Risk Register monthly.

Risk management training and awareness is available to all staff groups and is provided through the Directorate Governance Teams. The Trust's Health and Safety team deliver risk management training also.

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. There are structured processes in place for incident reporting, and the investigation of serious incidents. The Trust Board, through the risk management and the incident policy and procedures, promotes open and honest reporting of incidents, risks and hazards. The Trust reporting incidents is supported by an accessible online reporting system available across the Trust.

5. Information Risk

An Information Governance Forum provides direction and co-ordination of the strategic agenda with regard to Information Governance and Records Management issues within the Trust. The Forum meets quarterly and is chaired by the Medical Director, the Trust's Personal Data Guardian. The purpose of the forum is to review the development and maintenance of an effective system of information governance that supports the achievement of the Trust's objectives and to ensure that risks in this area are identified and addressed. The Forum steers the work of the Records Management Committee, Research Governance Committee, Data Protection Sub Group, Data Quality Sub Group, Clinical Coding Sub Group, and ICT Steering Group and reports to the Governance Committee, a sub-committee of Trust Board.

During 2012/13 the Trust has undertaken an extensive audit of information assets held by each Directorate. This project aims to enable staff to carry out a risk assessment of personal and sensitive data held within their area of responsibility and develop an action plan to address the priority areas of risk in accordance with the DHSSPS Information Governance Framework. This will be completed by March 2014. The first phase of data capture has been completed. The next stage of the framework is to carry out risk assessments and implement action plans to mitigate priority level risks. The progress of the framework is reported to the Senior Information Risk Owner (SIRO) at quarterly Information Governance forums and externally to the Information Governance Advisory Group, chaired by the Information Manager, DHSSPS. The Director of Performance and Reform has been appointed as the Trust SIRO and along with the Trust Medical Director (Personal Data Guardian) is responsible for ensuring Trust compliance with the requirements of Data Protection legislation.

SIRO and Information Asset Owner (IAO) training has been completed across the Trust, as has a refresh of training on Freedom Of Information and Data Protection Act for senior management across the Trust.

To assure patients, clients and members of the public that their records are held securely and that only identified staff have access, the Trust has purchased a software package which

will proactively identify unauthorised access. This software was tested in 2012/13 and will be implemented to monitor access of PAS, Laboratory and Radiology information systems from 1st June 2013. To ensure corporate awareness of the consequences of inappropriate access, Data Protection clinics have been held in each location in the Trust along with the dissemination of memos, e-brief extracts and desktop messages. An internal audit of information governance was undertaken in 2012/13 which had satisfactory assurances. The recommendations from this audit will be taken forward in 2013/14.

All information governance incidents which involve loss of or inappropriate access to data are reviewed by senior staff at quarterly Information Governance Forums. Data breaches are reported to the DHSSPS and the Information Commissioner Office (ICO) where appropriate. The Trust fully cooperates with the ICO and ensures a comprehensive investigation is completed and recommendations are carried out to minimise the risk of a reoccurrence.

An Information Sharing Register which records the details of all episodes of sharing of Trust data with other bodies is in place and reviewed at Information Governance Forums. A Data Access Form must be signed by the Trust Data Guardian so that all requests for access are approved before sharing is permitted. In addition, an Informatics meeting chaired by the Assistant Director of Informatics has been established to review all contracts held by the Trust.

Freedom of Information and Data Protection requests are monitored to ensure completion within the statutory timeframes. These are placed on a corporate dashboard and are reported to senior managers on a monthly basis and to DHSSPS quarterly.

An e-learning suite of modules on Information Governance for regional use have been developed by Beeches Leadership Centre and have been approved for adoption and roll out in the Trust in April 2013. Training for Personal Data Guardians has been implemented regionally.

During 2012/13 a privacy impact assessment was completed to ensure all aspects of privacy and confidentiality have been taken into account prior to the implementation of the Community Information System in the Trust. Although not mandatory, it is good practice to carry out this exercise to mitigate any future issues regarding the use of personal sensitive data which may present at a later stage following roll out. This impact assessment has adhered to Information Commissioner's guidance and has been supported by a stakeholder analysis and consultation process including the hosting of focus group sessions.

6. Public Stakeholder Involvement

In line with the Regional Strategy (DHSSPS, 2004), Departmental Guidelines for Personal and Public Involvement (PPI) (DHSSPS, 2007 & 2012) and Quality Standards for Health and Social Care (DHSSPS, 2006) the Trust has prioritised PPI within all aspects of its business agenda and has established a range of governance, management and reporting mechanisms that reflect this.

These include:

- The incorporation of PPI within the Corporate priorities of the organisation;
- The development of a Patient Client Experience Committee, which is a subcommittee

of Trust Board. This group is responsible for leading the coordination, development, implementation and monitoring of the Trust's PPI Action Plan, monitoring the Patient Client Experience Standards Audit programme and compliments and complaints across the organisation;

- The appointment of a Lead Director for PPI to ensure overall direction and drive within the organisation with a direct reporting and accountability line to the Chief Executive;
- The development of Directorate specific PPI Action Plans which form part of the annual accountability and reporting mechanisms for individual Directors;
- The creation of a dedicated staffing infrastructure within the Promoting Wellbeing Department to provide expertise, support and resource for PPI across the organisation and to external partners. This resource includes an Assistant Director with lead responsibility for PPI, a Senior Manager for PPI and Community Development and a PPI Development Officer;
- The provision of a number of other support posts within the organisation that facilitate the development of key aspects of the PPI agenda including a Carers Coordinator, an Equality Manager, Patient Advocates, Patient Support, Patient/Client Liaison staff and Volunteer Coordinators;
- The establishment of a Service Users and Carer PPI Panel to provide feedback on how the Trust is progressing its PPI agenda and work with the Trust to enhance PPI across all of its services;
- The establishment of a Race Equality Forum to provide opportunities for consultation that enables Black and Minority Ethnic Communities in the Southern Area to enter into dialogue and influence policies of the Trust on issues that are identified by the Race Equality Forum participants and others as being of fundamental importance;
- Establishment of a Trust Carers' Reference Group and involvement framework;
- The completion of Trust self-audit and development of a Trust Carers Action Plan; and
- The establishment of the Trust Traveller Action Group to progress the recommendations emanating from the All Ireland Traveller Health Study "Our Geels" as they pertain to the Southern Trust.

The Trust has developed a PPI Strategic Action Plan 2010–2013 and a Consultation scheme which detail the Goals, Values and Principles for PPI, a summary of the current position regarding the implementation of PPI across the organisation and the key priorities for action, which it is now implementing. An extensive 12-week consultation process with a wide range of stakeholders has informed the development of the Plan across the Southern area.

As a requirement of the Trust Strategic PPI Action Plan individual Directorates have developed Directorate Specific Action Plans.

In addition the Trust's PPI Team has developed a number of resources and facilitated a number of training opportunities to assist staff to enhance their skills and knowledge in

relation to PPI. The Trust is currently developing a range of approaches to evaluate the impact of its PPI activity

7. Assurance

A systematic approach is taken to ensure that the systems upon which the Trust relies are challenged and tested. The sources of external assurance and system validation are identified in the Board Assurance Framework and include, for example, the Regulation and Quality Improvement Authority, Internal and External Auditors, Royal Colleges and Professional Councils. In its Board Assurance Framework, the Board has determined the level of assurance it requires to manage the principal risks facing the organisation and the Board reviews this on a six-monthly basis. A standard template attached to the Board Assurance Framework ensures that Board members consider whether the current controls and assurance systems are sufficient. Board minutes attest to the challenge and scrutiny applied to the Board Assurance Framework.

There is a strong link between the Corporate Risk Register, the Board Assurance Framework and performance reporting. The Trust Board agenda is structured to ensure assurance is provided on key areas such as patient safety and quality and performance in terms of finance, human resources and operational performance.

To ensure the appropriateness and quality of information presented to the Board, feedback on all Board papers is sought at the end of every meeting and feedback provided to SMT where required. This includes the length, clarity and relevance to the Board of the report. A standard template is also attached to the front of all Board papers ensuring that the report is aligned to specific corporate objectives and key issues/risks and decisions required are drawn to Board members immediate attention.

Members continue to consider further how to develop the searching questions and processes to ensure effective challenge by the Board. The Executive professional roles (Medical; Nursing and Social Work) ensure executive challenge as these posts are designed to give independent professional assurance to Trust Board.

A template accompanies reports to Trust Board which provides the opportunity for the challenge by the Senior Management Team to a particular proposal/report to be described. This is a process of continuous improvement.

In addition, Trust Board receives reports from external organisations which provide assurance in relation to some areas of data quality.

Controls Assurance Standards

The Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2012/13.

The Organisation achieved the following levels of compliance for 2012/13.

Standard	DHSS&PS Expected Level of Compliance	Trust Level of Compliance
Buildings, land, plant and non-medical equipment	75% - 99% (Substantive)	Substantive
Decontamination of medical devices	75% - 99% (Substantive)	Substantive*
Emergency Planning	75% - 99% (Substantive)	Substantive
Environmental Cleanliness	75% - 99% (Substantive)	Substantive
Environment Management	75% - 99% (Substantive)	Substantive
Financial Management (Core Standard)	75% - 99% (Substantive)	Substantive*
Fire safety	75% - 99% (Substantive)	Substantive
Fleet and Transport Management	75% - 99% (Substantive)	Substantive
Food Hygiene	75% - 99% (Substantive)	Substantive
Governance (Core Standard)	75% - 99% (Substantive)	Substantive*
Health & Safety	75% - 99% (Substantive)	Substantive*
Human Resources	75% - 99% (Substantive)	Substantive
Infection Control	75% - 99% (Substantive)	Substantive
Information Communication Technology	75% - 99% (Substantive)	Substantive
Management of Purchasing and Supply	75% - 99% (Substantive)	Substantive*
Medical Devices and Equipment Management	75% - 99% (Substantive)	Substantive
Medicines Management	75% - 99% (Substantive)	Substantive
Records Management <i>[From 2013/14 this standard will be Information Management]</i> .	75% - 99% (Substantive)	Substantive
Research Governance	75% - 99% (Substantive)	Substantive
Risk Management (Core Standard)	75% - 99% (Substantive)	Substantive*
Security Management	75% - 99% (Substantive)	Substantive
Waste Management	75% - 99% (Substantive)	Substantive*

**De-notes subject to verification by HSC Internal Audit in 2012/13*

The above table demonstrates that substantive compliance has been achieved for all 22

standards and comparison with assessment in 2011/12 evidences that improvements have been made in year.

Extensive work has been carried out by Controls Assurance leads to maintain these results. The Trust recognises the limited assurance Internal Audit reports on Health and Safety and Management of Contracts (detailed on page 54) and has considered these issues in the self-assessment scores for the individual criteria affected. The Trust has worked closely with Internal Audit on this process, completing baseline assessments and producing action plans to address areas of weakness. Action plans are already in place for all standards, together with a composite action plan for any areas where individual criteria was <75%.

8. Sources of Independent Assurance

The Trust obtains Independent Assurance from the following sources:

- ***Internal Audit;***
- ***RQIA;***
- ***External Review/Benchmarking;***
- ***Clinical Pathology Accreditation (CPA)***
- ***British Standards Institute(BSI) Assessments;***
- ***Human Tissue Authority (HTA); and***
- ***Medicines and Healthcare Products Regulatory Agency (MHRA)***

Internal Audit

The Trust has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis.

It provides assurance on audit areas using the assurance categories below. It is important to note that the level of assurance provided is limited to the scope of the audit assignment.

Level of Assurance	Definition
Substantial	There is a robust system of risk management, control and governance, which should ensure that objectives are fully achieved.
Satisfactory	There is some risk that objectives may not be fully achieved. Some improvements are required to enhance the adequacy and / or effectiveness of risk management, control and governance.
Limited	There is considerable risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance.
Unacceptable	The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of risk management, control and governance.

In 2012/13 Internal Audit reviewed the following systems:

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Finance Audits:	
Payroll	Satisfactory
Non Pay Expenditure	Satisfactory
Bank and Cash	Satisfactory
Key Financial Controls	Satisfactory
Directorate Audit – Children and Younger People's Services Directorate	Satisfactory
Budgetary Control	Satisfactory
General Ledger	Substantial
Management of Contracts – Independent & Voluntary Sector (Sure Start)	Satisfactory
Charitable Trust Funds	Satisfactory
Patients' Private Property – Hospitals	Satisfactory
Income/Debt management	Satisfactory
Client Monies & Cash and Valuables Handling in Social Services Setting	Satisfactory
Client Monies in the Independent Sector	Satisfactory
Management of use of Agency & Locum staff	Satisfactory
Ordering and Receipt of goods (post FPL go – live)	Limited
Management of Contracts	Limited
Capital expenditure	Satisfactory
Validity of waiting list payments	Limited
Domiciliary Care Review of Payments	Limited
Corporate Risk Based Audits:	
Management of unallocated cases (Children and Young People's Directorate)	Satisfactory
Efficiency Savings	Satisfactory
NIPACS (Digital Radiology)	Satisfactory
Management of Standards & Guidelines	Satisfactory
Governance Audits:	
Risk Management	Satisfactory
Claims Management	Satisfactory

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Human Resources:	
Health & Safety	Limited
Occupational Health Services	Satisfactory
Cessation of Salary Protection Arrangements	Substantial
Review of Clinical and Social Care Governance	Satisfactory
Infection Control	Satisfactory
ICT – Business Continuity & Disaster Recovery	Satisfactory
Information Governance	Satisfactory

Consultancy and Investigation Assignments

FPL Readiness – Internal Audit reviewed some of the preparations by the Trust for the new Finance, Procurement and Logistics system. This work focused primarily on data migration to the test system.

Follow up on previous issues in Independent Sector Homes – Internal Audit followed up on recommendations made to two specific independent sector homes in 2011/12 following investigations. All but one of the previous recommendations that were applicable, were implemented. Some minor non-compliance issues were noted as a result of testing undertaken.

Investigation of Specific Whistleblowing Allegations – Internal Audit were asked to undertake some specific work following allegations which were made. The findings were reported to the Trust and a number of recommendations have been made which are being taken forward by Trust Management.

Follow up work

75% of the 364 priority one and two previous Internal Audit recommendations examined at year end were fully implemented, a further 20% were partially implemented and 5% have not yet been implemented. There were no priority one findings which have not been implemented.

In her annual report, the Internal Auditor reported that the Southern HSC Trust has a satisfactory system of internal control designed to meet the organisation's objectives. However, weaknesses in control were identified in a number of areas. In total the Trust has 15 priority one findings in 2012/13. A priority one finding is defined as an issue which requires urgent management decision and action without which there is a substantial risk to the achievement of key business/system objectives, to the reputation of the organisation or to the regularity and propriety of public funds. A list of these priority one findings is detailed below:

Management of the use of agency and locum staff: one priority one issue was identified which related to the use by the Trust of eight non-contracted medical agencies and five non-contracted non-medical agencies during the period tested. Reasons for the use of non-

contracted agencies was not always documented nor that contracted agencies were approached in the correct preference order. Where non-contracted agencies were used there was no assurance that appropriate qualification and access NI checks had been carried out. Management are progressing the recommendations made.

Ordering and Receipt of Goods: two priority one issues were identified. Both of these are directly attributable to the implementation of the new FPL system by the Business Services Organisation (BSO) in October 2012. Management action to resolve the issues raised is the responsibility of the BSO, however the Trust will continue to monitor this area and work with the BSO to resolve supply chain issues during 2013/14.

Management of Contracts: one priority one issue was identified relating to ensuring that all items purchased by the Trust are on a contract and that all payments agree to contracted prices. Management have accepted the recommendations made but highlighted some of the limitations in addressing these recommendations in full.

Client Monies in Independent Sector: two priority one issues were raised in connection with three homes. These related to the lack of a formal transport scheme and lack of monthly bank reconciliations for residents bank accounts. Trust Management have met with the homes concerned.

Validity of waiting list payments: one priority one issue was identified which related to the displacement of contracted sessions and insufficient auditable evidence to provide assurance that double payment had not occurred. Management accepted the recommendations made and are taking these forward. This area is to be reviewed in 2013/14 as part of the audit plan.

Domiciliary Care review of payments: three priority one issues were identified which largely relate to the completeness and accuracy of care management information held by the Trust to enable the accurate processing of invoices for payment. Management accepted all recommendations made and will take these forward in 2013/14.

Risk Management: one priority one recommendation was identified relating to the Trust Risk Management Strategy which has not been reviewed or updated from February 2008 and does not reflect current Clinical and Social Care Governance reporting structures. Management have accepted the recommendations made.

Information Governance: two priority two issues were identified relating to training and the storage and security of records. Management have accepted the recommendations made and will progress during 2013/14.

Health and Safety (Human Resources): two priority one issues were identified relating to Trust procedures and training. Progress will be monitored by management in 2013/14 on implementation of agreed actions.

The recommendations of the Internal Auditor to address control weaknesses have been considered by the Audit Committee. They have been or are being taken forward by the management of the Trust and their implementation will continue to be monitored by the Audit Committee regularly during 2013/14.

Northern Ireland Audit Office (External auditor)

The external auditor undertakes an examination of the annual financial statements in accordance with auditing standards issued by the Auditing Practices Board. Based on the findings of this audit, the Comptroller and Auditor General (C&AG) will report his opinion to

the NI Assembly as to the truth and fairness of the annual financial statements, that expenditure and income have been applied to the purposes intended by the Assembly and that the transactions conform to the authorities which govern them (regularity).

In addition, the external auditor will provide a Report to those charged with Governance which brings to the attention of the Accounting Officer findings during the course of the external audit.

The external auditor reports all of these findings to the Audit Committee. During 2012/13, the Audit Committee monitored progress on all external audit recommendations arising from the 2011/12 external audit on a quarterly basis.

The Northern Ireland Audit Office also conducts a number of Value for Money studies across the health sector on an annual basis.

In the course of the external audit for 2012/13 the external auditor has brought to the attention of management four priority one issues, two of these have been disclosed under Internal Governance Divergences (see section 10 below). The other two relate to the challenge applied to third party and internal Trust information and secondly the risk of recoverability of client contributions owing to the Trust in respect of care received in residential/nursing homes. An adjustment was made to the financial statements for this, management have responded to the issues raised.

As a general principle, the Department of Health, Social Services and Public Safety requires all HSC organisations to take appropriate measures to meet the timeframe stipulated under the faster closing initiative, namely to have their Annual Report and Accounts prepared, audited and laid in the Assembly through the Department before the summer recess (5 July 2013). However, the Trust did not meet this timetable for 2012/13 as the external auditor felt that a further period of testing was required in order to enable him to form a full and complete view of the Trust's financial statements.

In August 2013, as part of its consideration of post balance sheet events, the Trust was advised that the Directorate of Legal Services had revised its estimate of clinical negligence cases. As a result of further expert medical evidence, the year end provision has increased by £3.35m in respect of one Southern Trust clinical negligence case.

Following discussions with the Department, it was agreed that the Trust would be provided with additional non-cash Revenue Resource Limit cover of £3.35m to meet the increased clinical negligence costs in 2012/13 and fulfil the obligation to break even.

The Trust has established plans to ensure faster closing timelines set by the Department are achieved in 2013/14 which will reduce the opportunity for adjusting post balance sheet events to arise in the future.

RQIA

Reports from RQIA and action plans in response to any recommendations emerging from these reports have been presented to and reviewed by the Senior Management Team and in summary by the Governance Committee. Where Governance Committee have not been assured that sufficient action is being taken, Directors have been asked to put in place further controls and update the Governance Committee accordingly. Where there have been challenges to the Trust in meeting the standards (management of medicines management in domiciliary care, Radiology Review Phase 2) applied by the RQIA, these have been discussed with representatives from the DHSSPS and/or the HSCB in the spirit of shared

risk.

External Review/Benchmarking

The Trust has procured a service to facilitate external benchmarking of hospital based data against a UK peer group of like hospitals. This organisation, Comparative Health Knowledge Systems (CHKS), provides annual reporting on a range of key performance indicators including efficiency and safety measures, and quarterly reporting on mortality issues which is a key area of review. It provides assessment of performance against peer and against the top percentile, supporting this function with analysis and support at Directorate level. The Trust is currently working to develop benchmarked key performance indicators at Directorate and specialty level to support areas of key clinical focus

Clinical Pathology Accreditation (UK) Ltd

Reports from the CPA outlining overall conformance with the CPA standards are presented to the Governance Committee.

The Trust has now had all four of its laboratories inspected with CPA and all but one, Biochemistry, has maintained its accreditation. The Trust has developed an action plan to address these non-conformances plus complying with the new ISO – 15189 standards which will replace CPA in October 2013. It is the Trust's intention to apply for accreditation in October.

British Standards Institution (BSI) Assessments

Key outcomes from BSI audit review visits are presented to the Governance Committee to provide assurance. Three areas within the Trust are subject to audit:

- The Sterile Services Department (SSDs) at Craigavon Area Hospital and Daisy Hill Hospital are externally audited by the British Standards Institute (BSI) on a six monthly basis to ensure compliance with BS EN ISO 13485:2003 and the Medical Devices Directive (MDD) 93/42/EEC. Both SSDs were externally audited in September 2012 and March 2013 and both areas were successful in achieving accreditation, BSI recommended continuation of the ISO and MDD registration.
- The Laundry Department is externally audit by NQA on an annual basis to ensure compliance with BS EN ISO 9001:2008. Last audit took place in March 2013.
- The Trust's systems and processes for the management of medical devices are also externally audited by the British Standards Institute (BSI) on a six monthly basis to ensure compliance with BS EN ISO 9001:2008. Within the current 3 year audit cycle there have been four audits completed, the most recent being carried out on 8th & 9th May 2013. During this most recent audit there were no non conformities raised within any of the areas that were assessed.

Human Tissue Authority (HTA)

The Human Tissue Authority regulates the removal, storage and use of human tissues. The HTA has granted a licence for post mortem examination and related activities to the Trust. In 2010, the Trust underwent an inspection by a team from HTA who concluded that the Trust met all standards. Any recommendations arising from this inspection have been implemented. Annually a statement of compliance with the standards is submitted by the Trust.

In 2012, the licence was extended to include labour wards, paediatric wards and emergency

departments on both hospital sites

Medicines and Healthcare Products Regulatory Agency (MHRA)

The Trust uses the services of the Northern Ireland Blood Transfusion (NIBTS) and relies on its compliance with the MHRA. NIBTS continues to submit annual compliance reports to that effect.

9. Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal governance. My review of the effectiveness of the Trust's system of internal governance is informed by the work of the internal auditors, the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and 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 Senior Management Team, Trust Board, Head of Internal Audit, Audit Committee and Governance Committee. I have referred to the Annual Report from the Head of Internal Audit which details the assurance levels provided from reports in 2012/13 and also the Trust's implementation of accepted internal audit recommendations. A plan to address weaknesses and ensure continuous improvement to the system is in place.

10. Internal Governance Divergences

Progress on prior year issues which are no longer considered to be control issues

Financial Risks

In 2011/12 the Trust engaged with Counter Fraud and Probity Services to investigate two independent sector homes where theft of monies had been identified. Internal Audit carried out a follow up audit in both homes in 2012/13 and reported that substantially all audit recommendations have been actioned and only minor non-compliance issues were noted.

In addition, the Trust reported one other whistleblowing incident to Counter Fraud and Probity Services in 2011/12. This was investigated by Internal Audit during 2012/13 and the findings of this have been reported to management with a number of recommendations.

Clinical and Social Care Governance

The Trust noted in 2011/12 that there was a lack of assurance regarding the level of compliance by the Trust with standards and guidelines issued pre-2010. A dedicated resource was put in place to scope, risk assess and take this forward. This systemic review of all the identified circulars is currently being finalised by the relevant Operational Directorates for prioritisation, action planning (where required) and provision of a statement of assurance to confirm that the required recommendations have been embedded within clinical practice.

In 2012/13, BSO Internal Audit carried out a review to evaluate the effectiveness of the new processes for managing standards and guidelines. These new processes have been in place since April 2012 and govern how any new standard and guideline is now managed by the Trust. A satisfactory level of assurance was provided.

Progress on Prior Year Issues which continue to be considered as control issues

Contract & Procurement Management

The Trust responded to the recommendations of “The Review of Arrangements for Control of Procurement Expenditure Between and Within DHSSPS and its Arm’s Length Bodies”. The Trust’s response highlighted a number of on-going challenges to the ability of the Trust to promote and deliver robust procurement practice, including current gaps in coverage by Centres of Procurement Expertise (CoPEs). The Trust has undertaken a baseline assessment of procurement risk in 2012/13 and engaged with the CoPE to develop options to address high risk areas by utilisation of third party procurement specialists and creation of temporary capacity within the Trust to support procurement in Estates and Social Care. However, there remains a gap in procurement capacity within CoPEs and no clarity has been provided on how procurement currently outside the CoPE, including social care, is resourced and progressed. Ultimately, unless the lack of capacity within the COPE to progress Trust procurement needs is addressed, the Trust will only be able to achieve very slow progress on the implementation of both Internal audit recommendations and recommendations arising from the DHSSPS procurement review and thus a satisfactory level of assurance will not be achieved in this area. This is evidenced by the provision of a limited assurance in a draft Internal Audit report on the audit of management of contracts in 2012/13.

During 2012/13 the Trust moved to E-Sourcing for the procurement of Estates Works contracts. Temporary resources were engaged to enable this to be implemented however this resource has now been reduced. All such contracts are procured under the influence of the Health Estates Investment Group (HEIG) as the CoPE.

The procurement of Service and Maintenance contracts, which are within the scope of the CoPE, continues to be an area of concern. The Procurement and Logistics Service (PaLS) do not currently have capacity to undertake the majority of this procurement (approx. 300 contracts c. £2.8M annual value). A proposal paper detailing the additional resources required by both PaLS and Trusts to undertake this procurement was drafted but this has not yet been resolved. Temporary staff were engaged within Estate Services in the Trust for 2 months at year end which helped facilitate some rationalisation of contracts and the collation of information required for their procurement. E-Sourcing has also been adopted by Estates in this area as a more effective and efficient procurement method but this remains outside CoPE (PaLS) influence. Future plans for this area include: further rationalisation of contracts; review of staff resources; continued roll-out of E-Sourcing; and resolution of CoPE coverage and resourcing issues.

The Trust utilises support particularly in relation to advice and training from the Social Care Procurement Unit (SCPU) of PaLS and key Trust staff have attended training sessions however from a social care procurement perspective, resources are not in place within the SCPU to undertake the volume of procurement to meet the regional requirement. Similarly the Trust is not resourced to undertake social care procurement. Therefore, these contracts will continue to be renewed and rolled over without being subject to market testing. This area is a key enabler associated with achieving some of the changes proposed in Transforming

Your Care.

The Trust has also focused temporary resources on contract management in 2012/13 and undertook significant work in year to develop the role of the contract owner. It is hoped this should see greater control in 2013/14 as this is embedded.

Water Borne Risks (Legionella, Pseudomonas etc.)

The Trust continues to manage Water Borne Risks through implementation of the arrangements set out in its Water Safety Plan. This plan, approved by the Trust Strategic HCAI Forum, and shared with HEIG for their views, is in accordance with Departmental guidance and has been further informed through engagement with specialists from the Health and Safety Executive (NI). A review of these arrangements is presently being undertaken by an independent specialist in accordance with Departmental requirements and indications are that the Trust is in compliance. The financial implications of delivering the Water Safety plan have been identified and discussed with the commissioner but are not yet concluded.

Trust Estate Risks

The age, condition and nature of the estate continue to pose potential risks and are exacerbated by limited capital investment in major renewal and replacement projects. These risks include issues around electrical and mechanical infrastructure, fire-code/fire safety compliance, asbestos and water borne risks. All key risks are included on the Trust Corporate Risk Register ensuring regular scrutiny and follow up on action plans. The Trust prioritises available funding to the mitigation of these estates risks and continues to pursue additional funding through all appropriate streams. Specific risks include:

- Mechanical Infrastructure, Craigavon Area Hospital: The Trust has submitted a business case for the replacement of the Mechanical Infrastructure serving Craigavon Area Hospital. Discussions are underway to expedite approval of this case resulting from the outcome of an independent inspection of the high pressure hot water system. Implementation of plans to mitigate the risks associated with failure of this core system are currently underway and include: Contingency arrangements for patient services; Provision of temporary boiler plant as backup (to be operational by the end of May 2013); and Acceleration of the critical elements of the permanent solution (to be operational before winter 2013). These works are critical as failure of this system prior to the emergency works being completed could result in the prolonged closure of all or part of the hospital as repairs are likely to take between 7 to 14 days.
- Electrical infrastructure, Craigavon Area Hospital: the action plan is focussed around a three phased approach for low/high voltage works and consists of: (1) Installation of Peak Lopping to prevent the risk of power outages on site due to site demand exceeding available NIE supply (complete); and (2) Installation of CHP units to increase on site generation capacity and resilience (Aug 2013); Installation of new NIE HV supply and upgrade of LV/HV infrastructure (in progress).
- Fire Safety: The Trust has a fire safety action plan in place which has been reviewed and agreed with HEIG. This action plan is kept under review and quarterly updates on progress are provided to the senior management team. Given the investment required to fully address all of the infrastructure risks in the Trust estate, it is not

anticipated this action plan will be fully implemented for some time. The Trust believes that the action plan has ensured progress against the highest risk areas.

- **Asbestos:** The Trust is implementing its plans to re-survey and update the current asbestos register. The register should be fully updated by the end of June 2013. Where the presence of asbestos has been identified plans are in place to monitor and maintain and/or remove the asbestos – this is in accordance with legislation.
- **Business Continuity:** The safe delivery of facility based clinical services is heavily reliant upon key estates systems such as electricity, water, medical gas, heating and upon the specialist teams managing those systems. The loss of any of these key systems would almost certainly lead to partial or complete service failure in the associated facility. In order to mitigate against loss of service through loss of any of these systems or resources the Estates department continue to review contingency arrangements in support of the corporate Business Continuity review programme.

Based on the above Trust Estates have submitted a bid against the Maintaining Existing Services (MES) fund for c.£24m to address identified risks (including Emergency works to the CAH Mechanical Infrastructure; Fire Bed evacuation lifts for DHH; Water Safety works Trust wide; and Infection control improvement works Trust wide).

Financial Risks

Safeguarding of Residents' Interests

During 2012/13 the Trust conducted two separate Adult Safeguarding Investigations in relation to two independent sector residential homes. The investigations concluded that alleged financial abuse of residents placed within the Homes was, on the balance of probability, substantiated. The Trust implemented protection plans for the residents and set up a Care Management Review Working Group which includes representation from the Trust and the RQIA. The overall aim of this working group is to undertake an initial review of care management processes assessing same against Regional and Trust Guidance and make recommendations to the Trust for the improvement of processes. The review will encompass clients placed in nursing/residential homes and clients residing in supported living facilities and will be completed in 2013/14. In addition, the Trust will ensure going forward that before commencing any investigations, the roles and responsibilities of all parties involved are clearly understood to ensure that the time invested and disruption caused by same is not nugatory work. The Trust welcomes the recent communication from the DHSSPS regarding a review of the appropriate use of financial resources belonging to vulnerable people placed in health and care settings. The Trust continues to liaise with the home owners, their legal representatives and external agencies in relation to the issues identified.

New Control Issues in 2012/13

Financial Risks

New Finance, Procurement and Logistics System

Following the implementation of a new HSC Finance, Procurement and Logistics system in October 2013 by the Business Services Organisation, a number of difficulties have been experienced with the continuity of the supply of goods from their warehouse and with the

charges applied for these goods. Both the BSO and the supplier of the new system have invested a significant amount of time in resolving these issues but some discrepancies continue to occur. The Trust will continue to work with the BSO during 2013/14 to seek full resolution.

During 2013/14, the Trust will also implement this new system. This is planned for September 2013. The Trust will continue to participate in regional working groups to learn lessons from the installation of this system on other Trust sites to ensure that the risks associated with this new system implementation are managed and mitigated as far as possible.

Compliance by Independent Sector Homes with circular HSS (F) 57/2009

The Trust, in line with the annual requirements of circular HSS (F) 57/2009 “Misappropriation of Residents Monies” has written to all independent sector homes with which it placed clients in 2012/13. In line with this circular and their contract with the Trust, these homes are asked to provide written assurance that adequate financial controls are in place to safeguard residents’ interests. Ten of these homes have not responded to the Trust. The Trust regards this as a breach of contract and will be taking this forward with these homes individually in 2013/14.

Year-end capital creditors

The Trust has consistently and openly adopted a risk-based approach to securing capital funding over recent years which seeks to accept/secure additional capital as this becomes available throughout the year and work expediently to seek to expend these funds on the areas of greatest risk within the Trust’s estate. The approach has relied on appropriate processes being in place to identify any risks to completing spend by year end in a timely way and therefore minimising the impact of carry forwards or late return of capital funding to DHSSPS. At the end of 2012/13, there were weaknesses identified in these control processes resulting in an overstatement of capital creditors. An adjustment has been made to the financial statements for this and a review undertaken of the issues leading to this control weakness. In summary a staff reduction of over 50% at the critical year end period and a reduction in managerial oversight due to other significant estate risks, impacted the quality of information provided for the financial statements. Lessons learned from this issue have been identified and are being addressed. These include the need for more robust assessment of business continuity impacts resulting from high levels of workforce absence; appropriate and commensurate actions taken to mitigate these risks in future and the need for a formal process to ensure that senior managerial review and sign-off has been secured for capital creditors in a timely way. The Director of Finance will require this assurance to be signed by the Director responsible for Estate services in future years.

FRS 12 Estimates for Litigation cases

The Trust made net adjustments of £5.55m to its provision for litigation cases, mostly associated with the valuation of clinical negligence structured settlement cases. The Directorate of Legal Services provides these estimates to the Trust and the basis of valuation for cases with a lump sum and periodical payment order was incorrect at the time of preparing the Trust’s draft accounts. This error was identified during the course of the audit of the financial statements and now has been recognised by the Directorate of Legal Services going forward. £3.35m of the adjustment related to a post Balance Sheet event which involved new expert medical opinion being made available to the Directorate of Legal Services between the year end and the date of approval of the annual accounts.

Whistleblowing incident

The Trust has received a whistleblowing incident which has been reported to the Counter Fraud and Probity Service. The facts relating to the case are currently being compiled.

Skeagh House

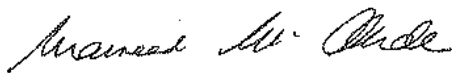
The Trust were forced to act quickly and implement contingency plans for the evacuation of all residents and staff from Skeagh House (Elderly Care Residential facility) when ground movement was detected in the slope overlooking the facility presenting the threat of a landslide. The facility will be out of use until site investigations have been completed and sufficient measures designed and implemented to remove the risk. This may take several months. The Trust has also been contacted by a solicitor representing one of the local residents indicating that they may seek to claim against the Trust. The Department of Legal Services (DLS) have been engaged to provide advice to the Trust should any legal action ensue.

11. Conclusion

The Trust has a rigorous system of accountability which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI. The system operates on a principle of continuous improvement where the performance and effectiveness of governance arrangements are subject to regular review.

As outlined above, the internal audit review of control systems has resulted in a number of limited assurances and a number of priority one issues have been raised with management and extensively examined by the Audit Committee. The findings of these reports and others such as those issued by RQIA will be incorporated into action plans aimed to address the weaknesses/gaps in control.

Further to considering the accountability framework within the Trust and in conjunction with assurances given to me by the Head of Internal audit, I am content that the Trust has operated a sound system of internal governance during the period 2012/13.



Accounting Officer

Date 26th September 2013

SOUTHERN HEALTH AND SOCIAL CARE TRUST

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Southern Health and Social Care Trust for the year ended 31 March 2013 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Southern Health and Social Care Trust's affairs as at 31 March 2013 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Health, Social Services and Public Safety directions made under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

14 October 2013

SOUTHERN HEALTH AND SOCIAL CARE TRUST

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2013

	NOTE	2013 £000s	2012 £000s
Expenditure			
Staff costs	3.1	(333,892)	(315,184)
Depreciation	4.0	(12,960)	(12,958)
Other Expenditure	4.0	(226,153)	(215,764)
		<u>(573,005)</u>	<u>(543,906)</u>
Income			
Income from activities	5.1	25,384	23,562
Other Income	5.2	13,456	12,941
Deferred Income	5.3	0	0
		<u>38,840</u>	<u>36,503</u>
Net Expenditure		<u>(534,165)</u>	<u>(507,403)</u>
Revenue Resource Limit (RRL)	25.1	534,210	507,534
Surplus against RRL		<u>45</u>	<u>131</u>
OTHER COMPREHENSIVE EXPENDITURE			
	NOTE	2013 £000s	2012 £000s
Net (Loss)/Gain on revaluation of Property, Plant and Equipment	6.1/10/6.2/10	(5,612)	6,715
Net Gain on revaluation of Intangibles	7.1/10/7.2/10	0	0
TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2013		<u>(539,777)</u>	<u>(500,688)</u>

The notes on pages 70 to 125 form part of these accounts.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

STATEMENT OF FINANCIAL POSITION as at 31 March 2013

		2013		2012		Restated 2011	
	NOTE	£000s	£000s	£000s	£000s	£000s	£000s
Non Current Assets							
Property, plant and equipment	6.1/6.2	256,522		261,507		265,321	
Intangible assets	7.1/7.2	390		535		285	
Financial assets	8.0	0		0		0	
Trade and other receivables	12.0	1,350		1,403		1,126	
Other current assets	12.0	0		0		0	
Total Non Current Assets			258,262		263,445		266,732
Current Assets							
Assets classified as held for sale	9.0	0		0		0	
Inventories	11.0	3,542		3,119		3,417	
Trade and other receivables	12.0	18,799		17,345		16,242	
Other current assets	12.0	2,238		491		431	
Financial assets	8.0	0		0		0	
Cash and cash equivalents	13.0	96		(593)		514	
Total Current Assets			24,675		20,362		20,604
Total Assets			282,937		283,807		287,336
Current Liabilities							
Trade and other payables	14.0	(64,610)		(67,517)		(61,820)	
Other liabilities	14.0	0		0		0	
Provisions	16.0	(9,896)		(14,132)		(19,707)	
Total Current Liabilities			(74,506)		(81,649)		(81,527)
Non Current Assets less Net Current Liabilities			208,431		202,158		205,809
Non Current Liabilities							
Provisions	16.0	(21,679)		(7,532)		(7,044)	
Other Payables > 1 yr	14.0	0		0		0	
Financial liabilities	8.0	0		0		0	
Total Non Current Liabilities			(21,679)		(7,532)		(7,044)
Assets less Liabilities			186,752		194,626		198,765
Taxpayers Equity							
Revaluation reserve		25,421		30,543		23,991	
SoCNE Reserve		161,331		164,083		174,774	
			186,752		194,626		198,765

The notes on pages 70 to 125 form part of these accounts.

Signed  (Chairperson)

Date 26th September 2013

Signed  (Chief Executive) Date 26th September 2013

SOUTHERN HEALTH AND SOCIAL CARE TRUST

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	Note	SoCNE Reserve £000s	Revaluation Reserve £000s	Total £000s
Balance at 31 March 2011		174,774	23,991	198,765
Changes in taxpayers' equity 2011-12				
Grant from DHSSPS		496,500	0	496,500
Transfers between reserves		163	(163)	0
(Comprehensive expenditure for the year)		(507,403)	6,715	(500,688)
Transfer of asset ownership		0	0	0
Non cash charges - auditors remuneration	4.0	49	0	49
Balance at 31 March 2012		164,083	30,543	194,626
Changes in taxpayers' Equity 2012-13				
Grant from DHSSPS		531,000	0	531,000
Transfers between reserves		358	(358)	0
(Comprehensive expenditure for the year)		(534,165)	(5,612)	(539,777)
Transfer of asset ownership		0	848	848
Non cash charges - auditors remuneration	4.0	55	0	55
Balance at 31 March 2013		161,331	25,421	186,752

SOUTHERN HSC TRUST

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £000s	2012 £000s
Cashflows from operating activities			
Net expenditure after interest		(534,165)	(507,403)
Adjustments for non cash costs		36,254	32,956
Increase in trade & other receivables		(3,148)	(1,440)
(Increase)/Decrease in inventories		(423)	298
(Decrease)/Increase in trade and other payables		(1,191)	5,697
Less movements in payables relating to items not passing through the net expenditure account:			
Movements in payables relating to purchase of property, plant and equipment		(1,716)	(1,281)
Use of provisions	16.0	(2,294)	(7,233)
Net cash outflow from operating activities		(506,683)	(478,406)
Cashflows from investing activities			
Purchase of property, plant & equipment	6.1/6.2	(23,794)	(18,841)
Purchase of intangible assets	7.1/7.2	0	(401)
Proceeds of disposal of property, plant & equipment		166	41
Net Cash (Outflow) from investing activities		(23,628)	(19,201)
Cash flows from financing activities			
Grant in aid		531,000	496,500
Net financing		531,000	496,500
Net increase/(decrease) in cash & cash equivalents in the period		689	(1,107)
Cash & cash equivalents at the beginning of the period	13.0	(593)	514
Cash & cash equivalents at the end of the period	13.0	96	(593)

The notes on pages 70 to 125 form part of these accounts.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

STATEMENT OF ACCOUNTING POLICIES

1. Authority

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel's Financial Reporting Manual (FReM) and in accordance with the requirements of Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to HSC Trusts. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

1.2 Currency and Rounding

These accounts are presented in UK Pounds Sterling. The figures in the accounts are shown to the nearest £1,000.

1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant and Machinery, Information Technology, Furniture and Fittings, and Assets under Construction.

Recognition

Property, plant and equipment must be capitalised if:

- 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 will be supplied to, the Trust;
- it is expected to be used for more than one financial year;

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

- collectively, a number of items have a cost of at least £5,000, 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
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

On initial recognition property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (Statement of Asset Valuation Practice) Appraisal and Valuation Standards in so far as these are consistent with the specific needs of HSC organisations.

The last valuation was carried out on 31 January 2010 by Land and Property Services (LPS) which is an independent executive body within the Department of Finance and Personnel. The valuers are qualified to meet the ‘Member of Royal Institution of Chartered Surveyors’ (MRICS) standard

Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS.

Land and buildings used for the Trust’s services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- Land and non-specialised buildings – open market value for existing use;
- Specialised buildings – depreciated replacement cost; and
- Properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non-current assets.

Modern Equivalent Asset

DFP has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets under Construction (AuC)

Properties in the course of construction for service or administration purposes are carried at cost less any impairment loss. Cost includes professional fees as allowed by IAS 16 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Short Life Assets

Short life is defined as a useful life up to and including 5 years. From 1 April 2008 HSC entities had the option to elect to cease indexing all short life assets (other than IT which is not indexed). The Trust did not elect to cease indexing all short life assets, (other than IT), as these assets are not held separately on its fixed asset register. Therefore, fixtures and equipment, whether they are short life or have an estimated life in excess of 5 years, are indexed each year and depreciation will be based on the indexed amount. All other short life assets are not indexed but carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.4 Depreciation

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of “non-current assets held for sale “ are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied to intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Assets held

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

under finance leases are also depreciated over the lower of their estimated useful lives and the terms of the lease. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used:

Asset Type	Asset Life
Freehold Buildings	Up to 88 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Intangible assets	3 – 10 years
Other Equipment	3 – 15 years

1.5 Impairment loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.6 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

1.7 Intangible assets

Intangible assets comprise software and licences. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value. Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

1.8 Donated assets

With effect from 1 April 2011, DFP changed the policy on Donated Asset Reserves. The Donation Reserve no longer exists. What used to be contained in the Donated

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Asset Reserve has moved to the Statement of Comprehensive Net Expenditure Reserve (previously known as the General Reserve) and to the Revaluation Reserve. Income for donated assets is now recognised when received.

1.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses. Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land, which is a non depreciating asset, is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the Revaluation Reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve.

Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.11 Income

Operating income relates directly to the operating activities of the Trust and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Grant in Aid

Funding received from other entities, including the Department of Health, Social Services and Public Safety and the Health and Social Care Board is accounted for as grant in aid and is reflected through the Statement of Comprehensive Net Expenditure Reserve.

1.12 Investments

The Trust does not have any investments.

1.13 Other Expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.14 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.15 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee

Property, plant and equipment held under finance leases is initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land may be either an operating lease or a finance lease depending on the conditions in the lease agreement and following the general guidance set out in IAS 17. Leased buildings are assessed as to whether they are operating or finance leases.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.16 Private Finance Initiative (PFI) transactions.

The Trust has had no PFI transactions during the current or prior year.

1.17 Financial instruments

- **Financial assets**

Financial assets are recognised on the balance sheet when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

- **Financial liabilities**

Financial liabilities are recognised on the balance sheet when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

- **Financial risk management**

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the Trusts in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

- **Currency risk**

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

- **Interest rate risk**

The Trust has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

- **Credit risk**

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

- **Liquidity risk**

Since the Trust receives the majority of its funding through its principal Commissioner which is voted through the Assembly, it is not exposed to significant liquidity risks.

1.18 Provisions

In accordance with IAS 37, provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, it is assumed the settlement is made at the beginning of the year rather than its cessation and its carrying amount is the present value of those cash flows using DFP's discount rate of -1.8% (negative real rate) for 1 year up to and including 5 years, -1.0% (negative real rate) after year 5 up to 10 years and +2.2% in real terms for 10 years or more (+2.35% for employee early departure obligations for all periods).

The Trust has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and increases in the discounted amount arising from the passage of time and the affect of any change in the discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

1.19 Contingencies

Under IAS 37, the Trust discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.20 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2013. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

Retirement benefit costs

The Trust participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Superannuation Scheme can be found in the HSC Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

The costs of early retirements are met by the Trust and charged to the Statement of Comprehensive Net Expenditure at the time the Trust commits itself to the retirement.

The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. The 31 March 2008 full valuation reviewed by an interim valuation in 2010 has been used in the 2012-13 accounts.

1.21 Reserves

Statement of Comprehensive Net Expenditure Reserve

Accumulated surpluses are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments to assets.

1.22 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.23 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

1.24 Government Grants

Government assistance for capital projects whether from UK, or Europe, are treated as a Government grant even where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants (does not include grant-in-aid) were previously credited to a government grant reserve and were released to income over the useful life of the asset.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

DFP issued new guidance effective from 1 April 2011. Government grant reserves are no longer permitted. Income is generally recognised when it is received. In exceptional cases where there are conditions attached to the use of the grant, which, if not met, would mean the grant is repayable, the income should be deferred and released when obligations are met. The note to the financial statements distinguishes between grants from UK government entities and grants from European Union

1.25 Losses and Special Payments

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for the HSC 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 HSC Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.26 Accounting standards that have been issued but have not yet been adopted.

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted.

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, and EU adoption is due from 1 January 2014. The application of these IFRS changes is subject to further review by Treasury and the other relevant authorities before due process consultation.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive. Should this go ahead, the impact on DHSSPS and its Arm's length bodies is expected to focus around the disclosure requirements under IFRS12.

Management considers that any other new accounting policies issued but not yet adopted are unlikely to have a significant impact on the accounts in the period of the initial application.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

					Restated	Restated
	Staff Costs	2013 Other Expenditure	Total Expenditure	Staff Costs	2012 Other Expenditure	Total Expenditure
Directorates	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Acute Hospital Services	146,894	64,227	211,121	139,592	58,615	198,207
Older People and Primary Care	63,003	75,243	138,246	60,033	71,074	131,107
Mental Health & Learning Disability	51,329	37,698	89,027	50,111	36,332	86,443
Children & Young People's Services	47,248	19,309	66,557	45,743	17,885	63,628
Corporate	25,418	6,346	31,764	19,705	10,828	30,533
Expenditure for Reportable Segments net of Non Cash Expenditure	333,892	202,823	536,715	315,184	194,734	509,918
Non Cash Expenditure			36,290			33,988
Total Expenditure per SoCNE			573,005			543,906
Income (Note 5)			(38,840)			(36,503)
Net Expenditure			534,165			507,403
Revenue Resource Limit			534,210			507,534
Surplus against RRL			45			131

The Trust is managed by way of a directorate structure, each led by a Director, providing an integrated healthcare service for the resident population. The Directors along with Non Executive Directors, Chairman and Chief Executive form the Trust Board which coordinates the activities of the Trust and is considered to be the Chief Operating Decision Maker.

The information disclosed in this statement does not reflect budgetary performance and is based solely on expenditure information provided from the accounting system used to prepare the accounts.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 2 (continued) ANALYSIS OF NET EXPENDITURE BY SEGMENT

Acute Directorate:

- Cancer and clinical services (includes Laboratory & Radiology Services)
- Surgery and Elective Care
- Medicine and Unscheduled Care
- Integrated maternity and Women's Health
- Functional Support Services (includes all hotel services, health records, laundry and CSSD)
- Pharmacy

These services are delivered on the Acute Hospital Sites at Craigavon Area Hospital and Daisy Hill Hospital. Services including outreach clinics, day procedure services and diagnostic services are also delivered on South Tyrone Hospital Site, Lurgan Hospital Site and at Banbridge Polyclinic, Kilkeel and Crossmaglen Health Centres and Armagh Community Hospital.

Directorate of Mental Health and Disability Services

- Provides a range of hospital and community services, including social services, community nursing, home treatment, crisis response, Allied Health Professionals and specialist teams
- Acute Mental Health Services are provided at the Bluestone Unit, Craigavon and at St Lukes Hospital, Armagh
- On the St.Lukes site there is a long-stay hospital
- Longstone Hospital for Learning Disability patients
- Nursing & residential home, domiciliary, respite and day care services as well as support to tenants who reside in supporting people accommodation
- Trust Transport services

Older People and Primary Care Services

- Domiciliary care, residential and nursing care and dementia support
- District nursing and allied health professionals supporting the elderly population
- Specialist services such as family planning, continence and GP out of hours and minor injuries units and all aspects of supporting people in the community
- Partnership working with Voluntary and community organisations incorporating grant aid payments and community support

Children and Young Peoples Services

- Includes all health services provided for children and adolescents
- Paediatric wards and special care baby units located in Acute facilities
- Disability services including respite, CAMHS, Children Community nursing of complex needs, Dental services and Allied Health Services
- Corporate parenting
- Family support, Early Years, Health visiting and school nursing are included together with all Sure Start Projects
- Social Services Training Unit

Corporate Services

- Office of the Chief Executive, including Trustwide Communication Team
- Finance and Procurement Directorate
- Human Resources Directorate, (including Health & Safety and Occupational health)
- Performance & Reform (IT, Estates, Corporate Planning and Performance Improvement)
- Medical Directorate (Governance Patient/Client Safety, Medical Management, Clinical Audit and Emergency Planning)

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 3 STAFF NUMBERS AND RELATED COSTS

Note 3.1 Staff Costs

Staff costs comprise

	2013		2012
	Permanently employed staff	Others	Total
	£000s	£000s	£000s
Wages & Salaries	274,976	11,029	286,005
Social security costs	18,912	0	18,912
Other pension costs	29,185	0	29,185
Sub-Total	323,073	11,029	334,102
Capitalised staff costs	(210)	0	(210)
Total staff costs reported in Statement of Comprehensive Expenditure	322,863	11,029	333,892
Less recoveries in respect of outward secondments			(1,408)
			(1,494)
Total net costs			332,484
			313,690

Staff costs exclude £210k charged to capital projects during the year (2012 : £Nil)

The Southern HSC Trust participates in the HSC Superannuation Scheme. Under this multi-employer defined benefit scheme both the HSC and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. A full valuation as at 31 March 2008 was completed in 2010/11.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Note 3.2 Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows;

	2013		2012
	Permanently employed staff No.	Others No.	Total No.
Medical and dental	571	29	600
Nursing and Midwifery	2,868	11	2,879
Professions Allied to medicine	871	0	871
Ancillaries	666	80	746
Administrative and clerical	1,579	142	1,721
Ambulance staff	0	0	0
Works	51	0	51
Other Professional and technical	121	14	135
Social Services	1,039	2	1,041
Other	379	0	379
Total average number of persons employed	8,145	278	8,423
Less average staff number relating to capitalised staff costs	(6)	-	(6)
Less average staff number in respect of outward secondments	(49)	-	(49)
Total net average number of persons employed	8,090	278	8,368
	8,107		

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Note 3.3 Senior Employees' Remuneration

Details of Senior Employees Remuneration are shown in the Annual Report.

Note 3.4 Reporting of early retirement and other compensation scheme – exit packages

Details of early retirement and other compensation schemes – exit packages are shown in the Annual Report.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Note 3.5 Staff Benefits

There were no staff benefits in 2012/13. (2011/12: £Nil).

Note 3.6 Trust Management Costs

	2013 £000s	2012 £000s
Trust Management Costs	20,033	20,045
Income:		
RRL	534,210	507,534
Income per Note 5	38,840	36,503
Non cash RRL for movement in clinical negligence provision	(8,518)	(1,394)
Total Income	564,532	542,643
% of total income	3.5%	3.7%

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99.

Note 3.7 Retirements due to ill-health

During 2012/13 there were 13 early retirements (2011/12: 18) from the Trust, agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £10k (2011/12: £16k). These costs are borne by the HSC Pension Scheme.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 4 OPERATING EXPENSES

4.0 Operating Expenses are as follows:-

	2013 £000s	2012 £000s
Purchase of care from non-HSC bodies	94,815	87,185
Revenue Grants to voluntary organisations	6,572	7,616
Personal social services	5,801	5,321
Recharges from other HSC Organisations	2,537	2,731
Supplies and services - Clinical	39,148	36,141
Supplies and services - General	5,197	5,220
Establishment	12,286	13,605
Transport	1,489	1,392
Premises	24,588	26,261
Bad debts	1,355	241
Rentals under operating leases	716	840
Rentals under finance leases	0	0
Interest charges	0	0
Finance cost of finance leases	0	0
PFI and other service concession arrangements service charges	0	0
Research & development expenditure	0	0
Clinical Negligence – other expenditure	0	0
BSO services	1,916	2,003
Training	905	909
Professional fees	461	316
Patients travelling expenses	365	359
Costs of exit packages not provided for	0	1,685
Costs of exit packages funded	2,095	817
Miscellaneous expenditure	2,577	2,983

Non cash items

Depreciation	12,960	12,958
Amortisation	145	145
Impairments	10,435	17,707
(Profit) on disposal of property, plant & equipment (excluding profit on land)	(16)	(31)
(Profit) on disposal of intangibles	0	0
Loss on disposal of property, plant & equipment (including land)	506	123
Loss on disposal of intangibles	0	0
Provisions provided for in year	12,377	1,661
Cost of borrowing on provisions	(172)	485
Auditors remuneration	55	49

Total

239,113	228,722
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During the year the Southern HSC Trust purchased £2,575 (2012: £Nil) of non-audit services from its external auditor (NIAO) in relation to the 2012/13 National Fraud Initiative exercise.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 5 INCOME

Note 5.1 Income from Activities

	2013 £000s	2012 £000s
GB/Republic of Ireland Health Authorities	185	176
HSC Trusts	215	380
Non-HSC:- Private patients	723	997
Non-HSC:- Other	1,775	1,678
Clients contributions	22,486	20,331
Total	25,384	23,562

Note 5.2 Other Operating Income

	2013 £000s	2012 £000s
Other income from non-patient services	8,916	8,387
Seconded staff	1,408	1,494
Charitable and other contributions to expenditure	1,598	1,733
Donations /Government grant/ Lottery funding for non current assets	35	159
Other Income	1,499	1,168
Total	13,456	12,941

5.3 Deferred income

	2013 £000s	2012 £000s
Income released from conditional grants	0	0
Total	0	0
TOTAL INCOME	38,840	36,503

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 6.1 Property, Plant & Equipment year ended 31 March 2013

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2012	41,661	204,925	13,885	6,243	47,506	6,162	11,853	811	333,046
Indexation	0	0	0	0	583	191	0	14	788
Additions	0	8,791	1	7,749	2,324	672	4,289	28	23,854
Donations/Government grant/Lottery	0	0	0	0	35	0	0	0	35
Reclassifications	255	9,525	0	(9,633)	695	0	0	6	848
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	(59)	0	0	0	(59)
(Impairments) charged to the SoCNE	(3,862)	(7,846)	(104)	0	(152)	0	0	(5)	(11,969)
Impairment charged to the revaluation reserve	(327)	(5,203)	(387)	0	0	0	0	0	(5,917)
Reversal of impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	(54)	(23)	0	0	(8,064)	(1,108)	0	0	(9,249)
At 31 March 2013	37,673	210,169	13,395	4,359	42,868	5,917	16,142	854	331,377

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 6.1 (continued) Property, Plant & Equipment year ended 31 March 2013

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Depreciation									
At 1 April 2012	5,533	25,635	1,365	0	30,334	3,346	4,755	571	71,539
Indexation	0	0	0	0	369	104	0	10	483
Reclassifications	0	(2)	0	0	2	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments) charged to the SoCNE	(555)	(930)	(48)	0	(1)	0	0	0	(1,534)
Impairment charged to the revaluation reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	0	(2)	0	0	(7,559)	(1,032)	0	0	(8,593)
Provided during the year	0	6,682	350	0	3,237	654	1,975	62	12,960
At 31 March 2013	4,978	31,383	1,667	0	26,382	3,072	6,730	643	74,855
Carrying Amount									
At 31 March 2013	32,695	178,786	11,728	4,359	16,486	2,845	9,412	211	256,522
At 31 March 2012	36,128	179,290	12,520	6,243	17,172	2,816	7,098	240	261,507

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 6.1 (continued) Property, Plant & Equipment year ended 31 March 2013

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Asset financing									
Owned	32,695	178,786	11,728	4,359	16,486	2,845	9,412	211	256,522
Carrying Amount At 31 March 2013	32,695	178,786	11,728	4,359	16,486	2,845	9,412	211	256,522

Any fall in value through indexation or revaluation is shown as an impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under Finance Leases and Hire Purchase contracts is £Nil (2012 £Nil).

There were £35k of assets funded by Donations/Government Grant or Lottery Funding during the year (2011/12: £159k)

The fair value of assets funded from the following sources during the year was:

	2013 £000s	2012 £000s
Donations	35	159
Government Grant	0	0
Lottery Funding	0	0

Professional revaluations of land and buildings are undertaken by Land and Property Services (LPS) at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS. See Accounting policy note 1.3 for more details of valuation of Property, Plant & Equipment.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 6.2 Property, Plant & Equipment year ended 31 March 2012

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2011	42,900	177,971	13,144	14,431	49,454	5,463	14,627	810	318,800
Indexation	0	6,859	485	0	4,567	0	0	0	11,911
Additions	0	7,209	2	6,399	3,420	1,260	1,833	0	20,123
Donations/Government grant/Lottery funding	0	0	0	0	129	30	0	0	159
Reclassifications	(1)	9	13	21	(53)	80	(49)	1	21
Transfers	0	12,877	241	(14,608)	1,490	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	(17)	0	0	0	0	0	0	0	(17)
(Impairment) charged to the revaluation reserve	(1,221)	0	0	0	0	0	0	0	(1,221)
Reversal of impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(11,501)	(671)	(4,558)	0	(16,730)
At 31 March 2012	41,661	204,925	13,885	6,243	47,506	6,162	11,853	811	333,046

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 6.2 (continued) Property, Plant & Equipment year ended 31 March 2012

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Depreciation									
At 1 April 2011	0	6,451	341	0	35,170	3,409	7,604	504	53,479
Indexation	0	234	13	0	3,156	0	0	0	3,403
Reclassifications	0	(42)	1	0	(3)	78	0	1	35
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments) charged to the SoCNE	5,533	11,521	634	0	0	0	2	0	17,690
(Impairments) charged to the revaluation reserve	0	572	0	0	0	0	0	0	572
Reversal of impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(11,380)	(659)	(4,559)	0	(16,598)
Provided during the year	0	6,899	376	0	3,391	518	1,708	66	12,958
At 31 March 2012	5,533	25,635	1,365	0	30,334	3,346	4,755	571	71,539
Carrying Amount									
At 31 March 2012	36,128	179,290	12,520	6,243	17,172	2,816	7,098	240	261,507
At 31 March 2011	42,900	171,520	12,803	14,431	14,284	2,054	7,023	306	265,321

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 6.2 (continued) Property, Plant & Equipment year ended 31 March 2012

Asset financing	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Owned	36,128	179,290	12,520	6,243	17,172	2,816	7,098	240	261,507
Carrying Amount At 31 March 2012	36,128	179,290	12,520	6,243	17,172	2,816	7,098	240	261,507

Asset financing

Owned	42,900	171,520	12,803	14,431	14,284	2,054	7,023	306	265,321
Carrying Amount At 31 March 2011	42,900	171,520	12,803	14,431	14,284	2,054	7,023	306	265,321

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 7.1 Intangible Assets Year ended 31 March 2013

	Software licenses	Software	Total
Cost or Valuation	£000s	£000s	£000s
At 1 April 2012	1,399	0	1,399
Indexation	0	0	0
Additions	0	0	0
Donations/Government Grants/Lottery Funding	0	0	0
Disposals	0	0	0
At 31 March 2013	1,399	0	1,399
Amortisation			
At 1 April 2012	864	0	864
Reclassifications	0	0	0
Provided during the year	145	0	145
Disposals	0	0	0
At 31 March 2013	1,009	0	1,009
Carrying Amount			
At 31 March 2013	390	0	390
At 31 March 2012	535	0	535
Asset financing			
Owned	390	0	390
Carrying Amount			
At 31 March 2013	390	0	390

There were no assets funded by Donations/Government Grant or Lottery Funding during the year (2011/12: £Nil).

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 7.2 Intangible Assets Year ended 31 March 2012

	Software licenses	Software	Total
Cost or Valuation	£000s	£000s	£000s
At 1 April 2011	1,001	0	1,001
Additions	401	0	401
Disposals	(3)	0	(3)
At 31 March 2012	1,399	0	1,399
Amortisation			
At 1 April 2011	716	0	716
Reclassifications	6	0	6
Disposals	(3)	0	(3)
Provided during the year	145	0	145
At 31 March 2012	864	0	864
Carrying Amount			
At 31 March 2012	535	0	535
At 31 March 2011	285	0	285
Asset financing			
Owned	535	0	535
Carrying Amount			
At 31 March 2012	535	0	535
Asset financing			
Owned	285	0	285
Carrying Amount			
At 31 March 2011	285	0	285

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 8 FINANCIAL INSTRUMENTS

The Southern HSC Trust did not hold any financial instruments at 31 March 2013 or at 31 March 2012.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

The Southern HSC Trust does not hold any assets classified as held for sale in at 31 March 2013 or at 31 March 2012.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 10 IMPAIRMENTS

	2013		
	Property, Plant & Equipment £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	16,352	0	16,352
Impairment which Revaluation Reserve covers (shown in Other Comprehensive Expenditure Statement)	(5,917)	0	(5,917)
Impairments charged to Statement of Comprehensive Net Expenditure	10,435	0	10,435
	2012		
	Property, Plant & Equipment £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	19,500	0	19,500
Impairment which Revaluation Reserve covers (shown in Other Comprehensive Expenditure Statement)	(1,793)	0	(1,793)
Impairments charged to Statement of Comprehensive Net Expenditure	17,707	0	17,707
	2011		
	Property, Plant & Equipment £000s	Intangibles £000s	Total
Total value of impairments for the period	7,423	0	7,423
Impairment which Revaluation Reserve covers (shown in Other Comprehensive Expenditure Statement)	(4,185)	0	(4,185)
Impairments charged to Statement of Comprehensive Net Expenditure	3,238	0	3,238

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 11 INVENTORIES

	2013	Restated	Restated
	2012	2011	
	£000s	£000s	£000s
Classification			
Pharmacy Supplies	1,563	1,468	1,528
Building & engineering supplies	96	63	118
Fuel	428	484	433
Community care appliances	327	355	331
Laboratory materials	131	118	247
Stationery	10	8	10
Laundry	102	73	66
Other	885	550	684
Total	3,542	3,119	3,417

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2013 £000s	2012 £000s	Restated 2011 £000s
Amounts falling due within one year			
Trade Receivables	14,901	13,637	11,565
Deposits and advances	0	0	0
VAT receivable	3,609	3,369	3,202
Other receivables – not relating to fixed assets	289	339	1,475
Other receivables – relating to property plant and equipment	0	0	0
Other receivables – relating to intangibles	0	0	0
Trade and other Receivables	18,799	17,345	16,242
Prepayments and accrued income	2,238	491	431
Other current assets	2,238	491	431
 Amounts falling due after more than one year			
Trade Receivables	1,350	1,403	1,126
Trade and other Receivables	1,350	1,403	1,126
 TOTAL TRADE AND OTHER RECEIVABLES	20,149	18,748	17,368
 TOTAL OTHER CURRENT ASSETS	2,238	491	431
 TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	22,387	19,239	17,799

The balances are net of provision for bad debts of £4,050k (2012 £2,952k, 2011 £3,000k)

The Southern HSC Trust did not have any Intangible current assets at 31 March 2013, 31 March 2012 or at 31 March 2011.

The classification of Trade Receivable debt between current and non-current was revised for 2012. This resulted in a decrease of £1,403k from amounts falling due within one year and the same increase in amounts falling due after more than one year. This related to income due in respect of the recovery of costs associated with the treatment of road traffic accidents and personal injury claims. These claims can take a number of years to be settled.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 12.1 Trade Receivables and other current assets: Intra-Government balances

Name	Restated			Restated		
	Amounts falling due within 1 year 2012/13 £000s	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Amounts falling due after more than 1 year 2012/13 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s
Balances with other central government bodies	7,167	2,079	2,792	1,323	1,403	1,126
Balances with local authorities	15	7	18	0	0	0
Balances with NHS /HSC Trusts	923	726	1,023	0	0	0
Intra-Government Balances	8,105	2,812	3,833	1,323	1,403	1,126
Balances with bodies external to government	12,932	15,024	12,840	27	0	0
Total Receivables & other current assets at 31 March	21,037	17,836	16,673	1,350	1,403	1,126

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 13 CASH AND CASH EQUIVALENTS

	2013 £000s	2012 £000s	2011 £000s
Balance at 1st April	(593)	514	626
Net change in cash and cash equivalents	689	(1,107)	(112)
Balance at 31st March	96	(593)	514

The following balances at 31 March were held at	2013 £000s	2012 £000s	2011 £000s
Commercial Banks and cash in hand	96	(593)	514
Balance at 31st March	96	(593)	514

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2013 £000s	2012 £000s	2011 £000s
Amounts falling due within one year			
Other taxation and social security	10,665	10,690	10,263
Trade capital payables	15,440	13,724	12,443
Trade revenue payables	11,448	16,314	14,102
Payroll payables	11,629	14,329	17,195
RPA/CSR payables	0	539	539
BSO payables	3,396	1,873	1,023
Other payables	6,080	5,026	0
Accruals and deferred income	5,952	5,022	6,255
Trade and other payables	64,610	67,517	61,820
Total payables falling due within one year	64,610	67,517	61,820
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	64,610	67,517	61,820

The Southern HSC Trust did not have any intangible current liabilities at 31 March 2013, at 31 March 2012 or at 31 March 2011.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

14.1 Trade payables and other current liabilities - Intra-government balances

Name	Amounts falling due within 1 year 2012/13 £000s	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Amounts falling due after more than 1 year 2012/13 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s
Balances with other central government bodies	18,151	17,674	15,948	0	0	0
Balances with local authorities	5	32	15	0	0	0
Balances with NHS /HSC Trusts	1,254	2,082	1,317	0	0	0
Intra-Government Balances	19,410	19,788	17,280	0	0	0
Balances with bodies external to government	45,200	47,729	44,540	0	0	0
Total Payables and other liabilities at 31 March	64,610	67,517	61,820	0	0	0

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 14.2 Loans

The Southern HSC Trust did not have any loans payable at either 31 March 2013 or 31 March 2012.

NOTE 15 PROMPT PAYMENT POLICY

Details of the Southern HSC Trust's measure of compliance with the Public Sector Payment Policy are shown in the Annual Report.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES - 2013

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical negligence £000s	CSR Restructuring £000s	Other £000s	2013 £000s
Balance at 1 April 2012	231	3,324	15,120	0	2,989	21,664
Provided in year	47	903	10,901	0	3,003	14,854
Provisions not required written back	0	0	(2,154)	0	(323)	(2,477)
Provisions utilised in the year	(15)	(218)	(1,434)	0	(627)	(2,294)
Cost of borrowing	5	73	(229)	0	(21)	(172)
At 31 March 2013	268	4,082	22,204	0	5,021	31,575

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 16 (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2013

Comprehensive Net Expenditure Account charges	2013 £000s	2012 £'000
Arising during the year	14,854	7,318
Reversed unused	(2,477)	(5,657)
Cost of borrowing	(172)	485
Total charge within Operating costs	12,205	2,146

Analysis of expected timing of discounted flows

	Pensions relating to former Directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	Other £000s	2013 £000s
Not later than one year	14	210	7,706	0	1,966	9,896
Later than one year and not later than five years	58	889	8,256	0	2,182	11,385
Later than five years	196	2,983	6,242	0	873	10,294
At 31 March 2013	268	4,082	22,204	0	5,021	31,575

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES - 2012

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR Restructuring	Other	2012
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2011	179	2,493	19,466	7	4,606	26,751
Provided in year	60	972	5,457	0	829	7,318
Provisions not required written back	0	0	(4,388)	0	(1,269)	(5,657)
Provisions utilised in the year	(13)	(205)	(5,740)	(7)	(1,268)	(7,233)
Cost of borrowing	5	64	325	0	91	485
At 31 March 2012	231	3,324	15,120	0	2,989	21,664

Provisions have been made for 7 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement, Injury Benefit, Employment Law and Restructuring in connection with Transforming Your Care (TYC). The provision for Early Retirement and Injury Benefit relates to the future liabilities for the Trust based on information provided by the HSC Superannuation Branch. For Clinical Negligence, Employer's and Occupier's claims and Employment Law the Trust has estimated an appropriate level of provision based on professional legal advice. The costs of exit packages associated with TYC are included on the basis of the policy outlined in TYC and HR advice.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Note 16 (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2012

Analysis of expected timing of discounted flows

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical negligence £000s	CSR Restructuring £000s	Other £000s	2012 £000s
Not later than one year	14	210	11,726	0	2,182	14,132
Later than one year and not later than five years	58	893	3,394	0	233	4,578
Later than five years	159	2,221	0	0	574	2,954
At 31 March 2012	231	3,324	15,120	0	2,989	21,664

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 17 CAPITAL COMMITMENTS

	2013 £000s	2012 £000s	2011 £000s
Contracted capital commitments at 31 March not otherwise included in these financial statements			
Property, Plant & Equipment	15,946	5,383	2,166
	15,946	5,383	2,166

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 18 COMMITMENTS UNDER LEASES

Note 18.1 Operating Leases

Total future minimum lease payments under non-cancellable operating leases are given in the table below for each of the following periods.

	2013 £000s	Restated 2012 £000s	2011 £000s
Obligations under operating leases comprise			
Land & Buildings			
Not later than 1 year	27	25	43
Later than 1 year and not later than 5 years	0	0	0
	27	25	43
Other			
Not later than 1 year	717	722	527
Later than 1 year and not later than 5 years	2,571	2,552	566
Later than 5 years	426	1,022	0
	3,714	4,296	1,093

Note 18.2 Finance Leases

The Southern HSC Trust did not have any finance leases at 31 March 2013, at 31 March 2012 or at 31 March 2011.

NOTE 18 COMMITMENTS UNDER LESSOR AGREEMENTS

Note 18.3 Operating Leases

Total future minimum lease income under operating leases are given in the table below for each of the following periods.

Obligations under operating leases issued by the Trust comprise:

	2013 £000s	2012 £000s	2011 £000s
Land and Buildings			
Not later than 1 year	62	9	16
Later than 1 year and not later than 5 years	75	124	79
Later than 5 years	170	184	272
	307	317	367

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 19 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

19.1 Off balance sheet PFI and other service concession arrangements schemes

The Trust has no off balance sheet (SoFP) PFI and other service concession arrangements schemes

19.2 On balance sheet (SoFP) PFI Schemes

The Trust has no on balance sheet (SoFP) PFI and other service concession arrangements schemes

19.3 Charge to the Statement of Comprehensive Net Expenditure account and future commitments

	2013 £000s	2012 £000s	2011 £000s
Amounts included within operating expenses in respect of off balance sheet (SoFP) PFI and other service concession arrangement transactions	0	0	0
Amounts included within operating expenses in respect of the service element of on balance sheet (SoFP) PFI and other service concession arrangement transactions	0	0	0
	0	0	0

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 20 OTHER FINANCIAL COMMITMENTS

The Southern HSC Trust has not entered into any non-cancellable contracts (which are not leases or PFI and other service concession arrangements contracts).

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 21 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size. Therefore Trusts are not exposed to the degree of financial risk faced by business entities. Southern HSC Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing the Southern HSC Trust in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

The Southern HSC Trust has not entered into any quantifiable guarantees, indemnities or provided Letters of Comfort.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 22 CONTINGENT LIABILITIES

Material contingent liabilities are noted in the table below, where there is a 50% or less probability that a payment will be required to settle any possible obligations. The amounts or timing of any outflow will depend on the merits of each case.

Contingencies Liabilities:

	2013 £000s	2012 £000s	2011 £000s
Clinical Negligence	1,752	1,330	1,169
Public Liability	0	0	0
Employers' Liability	0	0	1
Restructuring	0	873	0
Total	1,752	2,203	1,170

There are a number of active employment law claims against the Trust. The expenditure which may arise from such claims cannot be determined as yet.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 23 RELATED PARTY TRANSACTIONS

The Southern HSC Trust is an arms length body of the Department of Health, Social Services and Public Safety and as such the Department is a related party with which the Southern HSC Trust has had various material transactions during the year

- Funding – Revenue Resource Limit of £534,210k (2012: £507,534k) of which the Non Cash Revenue Resource Limit is £36,290k (2012: £33,988k)

During the year, none of the board members, members of key management or other related parties has undertaken any material transactions with the Southern HSC Trust, apart from the transactions with the Department noted.

Interests in the following organisations were declared by non-executives, executive and other Directors and recorded on the Trust's Register of Interests. Where an interest is disclosed, the related party is not involved directly in the award of a contract with the related organisation.

The interests declared and the value of the related party transactions were as follows:

Mrs Roberta Brownlee held two positions:

Board Member of Southern Education and Library Board. The value of payments made by the Southern HSC Trust was £13,155.76 in respect of Social Service clients and £83,888.59 was received by the Trust in respect of salary recharges for joint projects. The total number of transactions was 122 and the balance owed to the Trust at year end was £9,485.65.

School Governor of Royal School, Armagh. The value of transactions between related parties was £240.89 (2 transactions) in respect of Social Service clients. Balance outstanding at year end: £Nil.

Mr Edwin Graham held two positions:

Advisor of Enable NI. The value of payments made by the Trust was £135,453.88 (33 transactions) in respect of grant payments for respite services and day care. Balance outstanding at year end: £Nil.

Chairman of Edward Street Hostel Ltd. The value of payments made by the Trust was £10,509.75 in respect of rent payment for social services clients and grant aid. £904.78 was received by the Trust in respect of Laundry services. The total number of transactions was 22 and the balance owed to the Trust at year end was £47.66.

Mrs Angela McVeigh, has a personal friend who is the owner of Ann's Homecare Domiciliary Care Agency. The value of transactions between related parties was £3,726,473.15 (676 transactions) in respect of Domiciliary Care Provision. The balance outstanding at year end: £111,924.61.

Dr Gillian Rankin's spouse is a director of RPS Consulting. The value of transactions between related parties was £129,773.29 (5 transactions) in respect of services provided by consulting engineers. Balance outstanding at year end: £Nil.

NOTE 24 THIRD PARTY ASSETS

The Southern HSC Trust held £6,053k cash at bank and in hand at 31 March 2013 (31 March 2012: £5,176k) which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts. A separate audited account of these monies is maintained by the Trust.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 25 FINANCIAL PERFORMANCE TARGETS

NOTE 25.1 Revenue Resource Limit

The Southern HSC Trust is given a Revenue Resource Limit which it is not permitted to overspend

The Revenue Resource Limit (RRL) for Southern HSC Trust is calculated as follows:

	2013	Restated
	Total	2012
	£000s	Total
		£000s
HSCB	486,860	463,427
PHA	4,650	3,858
SUMDE & NIMDTA	6,445	6,420
DHSSPS (excludes non cash)	0	0
Non cash RRL (from DHSSPS)	36,290	33,988
Adjustment for income received re Donations/Government grant/Lottery funding for non-current assets	(35)	(159)
Total agreed RRL	534,210	507,534
Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure	534,210	507,534

NOTE 25.2 Capital Resource Limit

The Southern HSC Trust is given a Capital Resource Limit (CRL) which it is not permitted to overspend.

	2013	2012
	Total	Total
	£000s	£000s
Gross Capital Expenditure	23,854	20,524
Prepayment for Capital Scheme	1,300	0
(Receipts from sales of fixed assets)	(167)	(41)
Net capital expenditure	24,987	20,483
Capital Resource Limit	26,789	20,650
(Underspend) against CRL	(1,802)	(167)

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 25.3 Financial Performance Targets

The Southern HSC Trust is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25% of Revenue Resource Limit.

The Trust's Revenue Resource Limit includes an allocation of £3.35m in respect of a post Balance Sheet event for a revised clinical negligence claim. The requirement for this was identified in August 2013 as a consequence of the delay in completing the accounts process. Had this allocation not been made, the Trust would not have met its obligation to breakeven.

	2012/13 £000s	2011/12 £000s
Net Expenditure	(534,165)	(507,403)
RRL	534,210	507,534
Surplus against RRL	45	131
Break Even cumulative position(opening)	974	843
Break Even Cumulative position (closing)	1,019	974

Materiality Test:

	2012/13 %	2011/12 %
Break Even in year position as % of RRL	0.01%	0.03%
Break Even cumulative position as % of RRL	0.19%	0.19%

The in year surplus of £45k (2012: £131k) is immaterial against the DHSSPS tolerance of 0.25% of Revenue Resource Limit.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 26 LOSSES & SPECIAL PAYMENTS

Type of Loss and Special Payment	2012/13		2011/12
	CASES	£	£
Cash Losses			
Cash Losses – Theft, fraud etc.	0	0	26
Cash Losses – Overpayments of salaries, wages and allowances	4	961	0
Cash Losses – Other causes	6	305	0
	10	1,266	26
Claims abandoned			
Waived or abandoned claims	0	0	0
	0	0	0
Administrative write-offs			
Bad debts	355	81,678	289,857
Other	0	0	0
	355	81,678	289,857
Fruitless payments			
Late Payment of Commercial Debt	0	0	0
Other Fruitless payments and constructive losses	0	0	15,840
	0	0	15,840
Stores Losses			
Losses of accountable stores through any deliberate act	1	51	0
Other stores losses	657	34,302	97,212
	658	34,353	97,212
Special Payments			
Compensation payments			
- Clinical Negligence	74	1,433,888	5,741,915
- Public Liability	8	34,285	152,667
- Employers Liability	26	495,648	260,296
- Other	0	0	0
	108	1,963,821	6,154,878
Ex-gratia payments	10	4,078	9,269
Extra contractual	0	0	0
Special severance payments	0	0	0
TOTAL	1,141	2,085,196	6,567,082

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 26 (continued) LOSSES & SPECIAL PAYMENTS

NOTE 26.1 Special Payments

The Southern HSC Trust did not make any special payments or gifts during the financial year (2012: £Nil).

NOTE 26.2 Other Payments

The Southern HSC Trust did not make any other payments during the financial year (2012: £Nil).

NOTE 26.3 Losses and Special Payments over £250,000

Losses and Special Payments over £250,000	Number of Cases	2012/13 £	2011/12 £
Cash Losses	0	0	0
Claims abandoned	0	0	0
Administrative write-offs	0	0	0
Fruitless payments	0	0	0
Stores losses	0	0	0
Special Payments			
Clinical Negligence Cases	0	0	4,152,758
TOTAL	0	0	4,152,758

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

NOTE 27 POST BALANCE SHEET EVENTS

In August 2013, as part of its consideration of post Balance Sheet events, the Trust was advised that the Directorate of Legal Services had revised its estimate of clinical negligence cases. As a result of further expert medical evidence, the year end provision increased by £3.35m in respect of one clinical negligence case. Following discussion with the DHSSPS, the Trust was provided with additional non-cash Revenue Resource Limit cover of £3.35m to meet the increased clinical negligence costs in 2012/13 and fulfil the obligation to break even. This adjusting post Balance Sheet event has been reflected in the annual accounts.

There are no other post balance sheet events having a material effect on the accounts.

NOTE 28 DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 14 October 2013.

**ACCOUNT OF MONIES HELD ON BEHALF OF
PATIENTS/RESIDENTS**

YEAR ENDED 31 MARCH 2013

SOUTHERN HSC TRUST

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2013

STATEMENT OF TRUST'S RESPONSIBILITIES IN RELATION TO PATIENTS/RESIDENTS MONIES

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, the Trust is required to prepare and submit accounts in such form as the Department may direct.

The Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients/residents and for taking reasonable steps to prevent and detect fraud and other irregularities.

SOUTHERN HEALTH AND SOCIAL CARE TRUST

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the Southern Health and Social Care Trust's account of Monies held on behalf of Patients/ Residents for the year ended 31 March 2013 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

Respective responsibilities of the Trust and auditor

As explained more fully in the Statement of Trust Responsibilities in relation to Patients' and Residents' Monies, the Trust is responsible for the preparation of the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety's directions made thereunder. My responsibility is to examine, certify and report on the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the account

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial transactions recorded in the account conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the financial transactions recorded in the account conform to the authorities which govern them.

Opinion on account

In my opinion:

- the account properly presents the receipts and payments of the monies held on behalf of the patients and residents of the Southern Health and Social Care Trust for the year ended 31 March 2013 and balances held at that date; and
- the account has been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the account is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on this account.



*KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU*

14 October 2013

SOUTHERN HSC TRUST

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2013

Previous Year	<u>RECEIPTS</u>		
£	Balance at 1 April 2012	£	£
3,282,222	1. Investments (at cost)	3,412,511	
833,740	2. Cash at Bank	1,759,187	
4,048	3. Cash in Hand	4,414	5,176,112
4,120,010			
2,375,352	Amounts Received in the Year	2,414,085	
82,448	Interest Received	72,250	
			2,486,335
6,577,810	TOTAL		7,662,447

<u>PAYMENTS</u>			
1,401,698	Amounts paid to or on Behalf of Patients/Residents		1,609,251
	Balance at 31 March 2013		
3,412,511	1. Investments (at Cost)	4,761,062	
1,759,187	2. Cash in Bank	1,285,295	
4,414	3. Cash in Hand	6,839	
5,176,112			6,053,196
6,577,810	TOTAL		7,662,447

Cost Price	Schedule of investments held at 31 March 2013	Nominal Value	Cost Price
£		£	£
3,412,511	Bank of Ireland	4,761,062	4,761,062

I certify that the above account has been compiled from and is in accordance with the accounts and financial records maintained by the Trust.

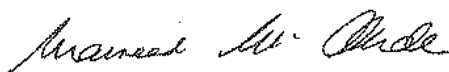


Director of Finance

26th September 2013

Date

I certify that the above account has been submitted to and duly approved by the Board.



Chief Executive

26th September 2013

Date

ISBN Number
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