

SOUTHERN HEALTH AND SOCIAL CARE TRUST
ANNUAL REPORT & ACCOUNTS
FOR YEAR ENDED 31 MARCH 2014

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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

2 July 2014

SOUTHERN HEALTH AND SOCIAL CARE TRUST

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31 MARCH 2014

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SOUTHERN HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

FOREWORD

These accounts for the year ended 31 March 2014 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

This 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 3954.

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REPORT FROM THE CHAIR AND THE CHIEF EXECUTIVE

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

Report from the Chair and the Chief Executive

The pace of change in health and social care has continued over the last 12 months, with many examples of service improvement throughout Southern HSC Trust ('the Trust').

There have been many developments within our hospital network and in care provided across the community. These developments reflect the changing face of care regionally, nationally and on a world-wide basis. As providers of health and social care, it is our responsibility to ensure that the care provided in this area reflects the very best practice. It is particularly pleasing for us that many of the examples of good work in this Trust are used as examples across Europe as it is a sign of the innovative work led by our staff.

Evidence of the consistently high standard of care delivered in our two acute hospitals – Craigavon and Daisy Hill – is that our hospital network is ranked among the top 40 hospitals in the UK for the second year running. The CHKS 40 Top Awards are based on safety, clinical effectiveness, health outcomes, efficiency, patient experience and quality of care.

Infection Control rates continue to be amongst the best in the UK and figures for 2013/14 indicate that the Trust has the lowest rate of Clostridium difficile and MRSA regionally.

Our hospital network is very busy – each year there are around 370,000 outpatient appointments; 117,000 Emergency Department attendances; 30,000 day cases; 56,000 inpatient admissions and over 6,000 births.

While managing over half a million patient contacts each year, our staff have been working on exciting service developments in our two acute hospitals.

In Craigavon children are benefitting from improved services with our new Paediatric Decision Unit. This service is aimed at reducing stress and disruption for children and families who need to visit hospital. It is for children who need a short stay in hospital for observation or treatment but don't need to stay overnight.

Staffed by Advanced Nurse Practitioners, and supported by the specialist medical team, the new Paediatric Decision Unit can deal with a wide range of conditions in a more relaxed environment than a busy hospital ward.

Daisy Hill has become the first hospital in Northern Ireland to use paediatric simulators in training staff on treating ill children. This means that doctors and nurses are able to access the very latest training and are delivering the best possible standards of care.

Dr Bassam Aljarad, Consultant Paediatrician using the paediatric simulators to train Orla Heaney, Staff Nurse and Dr Laura McKibbin, Staff Grade Children's Ward.



And with the community children's nursing team available to provide follow up care at home, means that children can be mostly looked after outside of hospital, with only small numbers of children needing to be admitted to hospital for an overnight stay.

Both hospitals have had major investment to develop their theatre capacity, with £6m investment in the redevelopment of theatres and the Emergency Department at Daisy Hill.

The newly refurbished theatre accommodation includes two new operating theatres, a new recovery area and a new endoscope decontamination unit.

In the Emergency Department, a modernisation programme means there are more treatment areas, better facilities for children and improved isolation facilities to comply with best practice in infection control.

The theatre complex at Craigavon Area Hospital underwent a £12.3m refurbishment of existing theatres and theatre recovery wards and the construction of two new theatres.



Roberta Brownlee, Chair with Sister Mary Madine, Health Minister Edwin Poots, Sister Phil McGuigan and Mairead McAlinden, Chief Executive in the new theatres at Daisy Hill Hospital

Health Minister Mr Edwin Poots was a welcome visitor to both hospitals where he was shown how investments in the hospitals were making a major difference to staff and patients. It was also announced during the year that £4.1million is to be invested in the development of fracture services across the Southern Trust.

Refurbishment work is also underway to upgrade the external façade of the main tower block at South Tyrone Hospital to improve the structure of this important facility.

The work, part of a £2.9 million investment, is scheduled to continue for a period of 20 months and includes new windows, replacement of the exterior facade with modern cladding and essential structural repairs.

A wide range of local services for older people have been developed in recent years and the refurbished Day Hospital in South Tyrone Hospital provides a local hub for these services which include rehabilitation services for up to 15 people per day, consultant-led medical assessment and review clinics, a specialist falls service, and a rapid access clinic for older people who need more urgent review of their medical needs to support them to remain at home and avoid hospital admission.

This is the latest in a series of recent investments made by the Trust to improve facilities and services at South Tyrone Hospital.

As the Trust population continues to grow, well above the Northern Ireland average, it's important that our staff have the skills, expertise and high quality facilities to meet the needs of our local population. These developments are very important in allowing the Trust to deliver the best care and safeguarding key services in future.

Across the Trust, there are many examples of how technology is changing the lives of patients – keeping them at home longer, helping improve patient safety and improving access to services.

We have been delighted to host the British-Irish Council at Daisy Hill, where we were able to showcase how the Trust is using innovative technology to improve and develop services.



Basque country Health Minister Jón Darpon, along with senior Basque health officials and Trust staff during their visit to Daisy Hill Hospital

Another keynote visit was from the Basque Country Health Minister and 6 senior Basque health officials, part of the Connected Health and Social Care agreement between Northern Ireland and the Basque Country.

During the visit the delegation focused on innovation and the use of new technologies, looking at virtual clinics/skype with patients and to see the first telepresence robot in the UK, which links the Daisy Hill High Dependency Unit with specialist colleagues in the Intensive Care Unit at Craigavon Area Hospital.

Patients at both Daisy Hill and Craigavon have been able to see first hand new technology in action with the installation of new self check-in kiosks on both sites. They have been installed in the outpatients departments and reduce time for patients who no longer have to queue to see a receptionist. The system also includes a range of different languages to ensure as many people as possible can use the kiosks.

The Trust has also been leading the way with the introduction of the FLOW patient flow and bed management system at Craigavon Area Hospital. This new electronic system provides 'real time' information on the care required by patients and the bed availability for those needing a hospital admission.



Roberta Brownlee, Trust Chair, with Health Minister Mr Edwin Poots and MP David Simpson with staff involved in the development of the FLOW patient management system

This system was developed by Trust staff, working in partnership with a specialist software company and has been designed to provide an electronic visual

representation of the patient's care needs – visual alerts and tasks are displayed to ensure the effective communication with all staff to eliminate delays in care and support planning for discharge.

While we have invested in developing our hospital services, improving facilities for staff and working to improve the patient experience, we have also continued to develop services outside hospital, in line with Transforming Your Care.

The vast majority of people who need health and social care will receive that care and support outside of a hospital setting.

We have been working to improve the range of care and access to community services that provide a wider range of care to local communities so that hospital admission can be reduced or avoided – allowing people to remain at home for as long as possible.

There are Rapid Access Clinics running in Lurgan, Dungannon, Armagh and Daisy Hill Hospitals, which provide specialist care for patients aged over 65.

The clinics provide expert medical and nursing assessment; physiotherapy and occupational therapy support and social worker input. They see a range of patients in a calm and friendly environment, mostly referred by GPs, and can in most cases avoid the need for an elderly person to be admitted to the Emergency Department.

Using technology, there are over 1,000 patients currently in the Trust who are using tele-monitoring equipment to manage their chronic conditions such as heart failure, respiratory disease, diabetes and stroke at home on a daily basis.

John Williamson from Dungannon has heart failure and because of his condition had been regularly admitted to hospital. Now he is using tele-monitoring and specialist staff can keep a close watch on his vital signs to address his symptoms immediately if his condition deteriorates.



John Williamson from Dungannon with Heart Failure Nurse Specialist Edith Donnelly.

John said: “Tele-monitoring has definitely helped to keep me out of hospital and has improved my quality of life. The equipment is easy to use and gives me the reassurance that I am being monitored each day. I have learned much more about my condition and am able to recognise triggers so I can contact staff right away.”

With the development of community-based services a key priority for the Trust, we

were delighted when the Health Minister, Mr Edwin Poots, cut the first sod at the new £16m Health and Care and Day Care Centre in Banbridge.

This new centre will accommodate around 220 staff, providing a range of community services; a rehabilitation suite; two dental surgeries; children and young people's services; older people's services; specialist nursing and a promoting wellbeing service.



Mairead McAlinden, Chief Executive with Councillor Olive Mercer, Chair, Banbridge District Council; Edwin Poots, Minister of Health; Charlene Stoops, Assistant Director of Corporate Planning, Southern Trust; and Councillor Joan Baird, Chair of Banbridge Health Committee

Speaking at the launch the Minister said: “This new centre will provide a range of accessible, integrated services, dramatically improving health and care within the Banbridge community. That is the core vision of Transforming Your Care – to deliver care closer to people’s homes, reduce unnecessary hospitalisation, improve chronic disease management, early diagnosis and treatment and ultimately, to support people to live as independently as possible.”

Work is also underway to build a new Community Treatment and Care Centre in Newry. It is expected that a preferred bidder will be identified by the end of 2014 with construction due to begin during 2015.

Services for children and young people have also seen significant development with new models of care for children that have reduced the need for residential care. We are working closely with our local communities to promote and develop our foster caring service, to give every child the best possible support when they can no longer be at home. Developing support services for children is particularly challenging as our 0-17 years population is expected to grow by almost 15% by 2023 compared to NI average growth of 6.5%, which means we must work now to ensure the service is able to meet this growing demand.

Helping people to living independently has been a key part of services for people with a Learning Disability. Daytime opportunities across the Trust give adults a chance to undertake activities and skills development that suit their needs and interests.

In Rathfriland, a local farmer is pioneering a unique project which connects social care and agriculture on a working farm. Dorothy Heath, who is an occupational therapist, counsellor and sensory integration therapist by profession, has developed a programme of ‘social farming’.

“It gets people out to real situations and environments, mixing in the community and learning new skills. I’ve always been interested in farming diversification and the Social Farming Across Borders scheme suited me down to the ground.”



John with Eilish Kilgallon, Community Access Officer

Dorothy’s work is part of the Countryside Management Scheme through Social Farming Across Borders (SoFab) which involves University College Dublin and Queen’s University Belfast.

John McKinney has a one day a week placement on the farm. He is one of a number of adults with a learning disability who help on the farm cleaning out the stables; grooming, feeding and riding the horses as well as assisting Dorothy take cattle to the local marts; collect honey from bee hives and with general maintenance around the farm.

John says he likes being on his own on the farm or with small group because he gets a range of opportunities and that he loves working with ‘Star’ his favourite horse.

The Trust has been successfully resettling long stay patients from Longstone Hospital in Armagh to community-based supported living. Working closely with patients and their families and carers, we are pleased to report that the resettlement process is now complete.



William Bell

William Bell is 33 years old and is now enjoying an independent life in the community with the help of support staff.

William’s supporter Helen explains: “William was a resident of Longstone Hospital for over 11 years and has resettled to his own home in Moy. William was actively involved in the planning of his transition to Vela House, and was

actively involved in choosing the furnishings and colour scheme.” William is supported by eight staff, all of whom have worked with him during his time at Longstone Hospital. His independence wouldn’t have been possible without these staff and the support of social workers.

While the Trust is committed to providing care outside hospital where possible, it is vital that for patients who need the specialist care which is best provided within a hospital setting, facilities are purpose designed to meet their needs.

Work has been progressing on the £4.7m development of the Bluestone Unit on the Craigavon Area Hospital site, and it will open this summer.

This new unit centralises inpatient mental health and learning disability services and provides a modern integrated care service with 94 beds for mental health and learning disability on one site, with rapid access to acute emergency and diagnostic services.

Of course, preventing ill health and injury are a key part of our job. Once again this year we were supporters of No Smoking Day – about a quarter of the people living in the Southern Trust area are smokers, so we run stop smoking clinics to support those who want to stop.

In the last year we have also launched a new online Falls Prevention Directory, designed to raise awareness of the most common causes of falls, and to show how falls can be prevented.

This is especially useful of older people, as it is the most common cause of hospital admission in people aged over 65. Preventing falls saves lives, reduces injuries and saves families from the stress and upset of a loved one being admitted to hospital. The directory is an important tool in improving the health of our population.

Our Fit 4 U project continues to go from strength to strength. It encourages adults with a physical and/or sensory disability to be more active and brings together people from across Northern Ireland.

Fifteen local Boccia teams, a sport similar to bowls, took part in the Disability Sports Northern Ireland tournament, and after a series of league and play off matches, our teams finished first, second and third – a fantastic achievement.



Staff and clients at The Laurels, Newry

Service users from The Laurels in Newry also had a first this year – they became the first in Northern Ireland to complete level one of the Cyclist Touring Club National Standards Cycle Programme. A great way to get fit and to learn new skills and we hope to roll the programme out across the local community.

There are changes across the Trust – in every type of care and in every area of the Trust.

Once again this year our staff have been recognised for their outstanding contributions to health

and social care with a variety of regional and national awards. It is a tribute to staff that the excellence of their work is recognised by their peers, and by patients and clients for whom they go the extra mile. A list of these awards is available in Appendix A.

We have again been overwhelmed by the generosity of the public, who have contributed £369,000 to the Trust. This money has been used to support a range of

initiatives that otherwise we simply wouldn't be able to provide and we are extremely grateful to everyone who has donated.

And staff have also been working hard in support of their Charity of the Year for 2014, the Southern Area Hospice Services. The Hospice provides support and care for people living within the Southern Trust area who have cancer, Multiple Sclerosis, Motor Neurone Disease and AIDS.

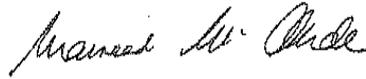
Since June 2013, Trust staff have raised over £14,000 through payroll giving, charity boxes, the Treetops challenge, Christmas Coffee Mornings and various raffles.

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 commitment to the Trust and their local community.

Mrs Roberta Brownlee
Chair



Mrs Mairead McAlinden
Chief Executive



Report from the Chair and the Chief Executive: Appendix A

List of External Awardees 2013/14

- Staff Nurse Blanche Curran - British Empire Medal in the Queen's New Year Honours List
- Children's Epilepsy Nurse Specialist, Margaret Meehan - Winner of Young Epilepsy Professional Champion Award
- Connect Coaching & Mentoring, Cross Border Workforce Mobility (CAWT) Project Board - Chair Anne Forsythe - Excellence in Coaching Award, from the Association for Coaching, IITD
- Dr Andrew Eggleton - Winner of the Prestigious Dundee Medal for 2013 and Winner of the Northern Ireland Pain Society Medal for Percutaneous Electrical Nerve Stimulation (PENS) treatment
- Dympna Rafferty - Winner of the Prestigious Queen's Award for Voluntary Service
- Fiona Reddick - Macmillan Quality Environment Charter Mark
- Lynda McKinley & ARC Horticulture Project - Young Enterprise Northern Ireland Runner Up
- Rosie Prunty and Margaret Meehan – Winners of the Young Epilepsy Professional Champion Award
- Orla McBirney & Sandra Wylie, Epilepsy Nurse Specialists in Adult Physical & Learning Disability Services - Highly Commended at NI Health Care Awards
- Lynda Gordon - Women in Business NI Awards - Winner of the Advancing Diversity in the Workplace
- Karyn Patterson - Capsticks Award for Innovation in HR - National HPMA Awards
- Trust Domiciliary Care Service - Institute of Health Care Management - Quality Awards - 1st place
- Dr Sidhu & Wendy Clarke - GAIN H&S Care Award
- Eileen McConville (Community Midwife) - RCM Midwife of the Year NI winner

Lean Healthcare Academy Award The Productive Series International

- Ward Sister Siobhan McAleer
- Ward Sister Jenny Edgar
- Ward Sister Noelleen Lambe
- Ward Sister Marie Crossey
- Ward Sister Sinead Morrow
- Inpatient Wards - Lurgan & South Tyrone, Disciplinary Teams

Lean Healthcare Academy Awards Improving The Patient Experience - Effective Delivery of Pre-Operative Education to People Awaiting Total Hip Replacement (THR) in a Group Setting

- Daniel Harte, Occupational Therapist T&O Craigavon Area Hospital
- Stephaine Lewis, Physiotherapist, T&O Craigavon Area Hospital
- Rebecca Hunter, Social Worker Craigavon Area Hospital

DIRECTORS' REPORT

BOARD OF DIRECTORS



Mrs Roberta Brownlee MSc, RGN, RM
Chair
Tel: 028 3861 3953
Roberta.Brownlee@southerntrust.hscni.net

Executive Directors



Mrs Mairead McAlinden
Chief Executive
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Mairead.McAlinden@southerntrust.hscni.net



Mr Stephen McNally
Director of Finance and Procurement
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Mr Paul Morgan
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Dr John Simpson
Medical Director
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Mr Francis Rice
Executive Director of Nursing / Executive Director of Nursing and AHPs
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Non Executive Directors



Mrs Deirdre Blakely



Mr Edwin Graham
(Chair of the Patient & Client Experience Committee)



Mrs Hester Kelly
(Chair of Endowments & Gifts Committee)



Mrs Elizabeth Mahood
(Chair of Audit Committee)



Dr Raymond Mullan
(Chair of Governance Committee)



Mr Roger Alexander



Mrs Siobhan Rooney

Trust Directors



Mrs Paula Clarke
Director of Performance and Reform
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Mr Kieran Donaghy
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Mrs Angela McVeigh
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Mrs Deborah Burns
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Mr Micéal Crilly
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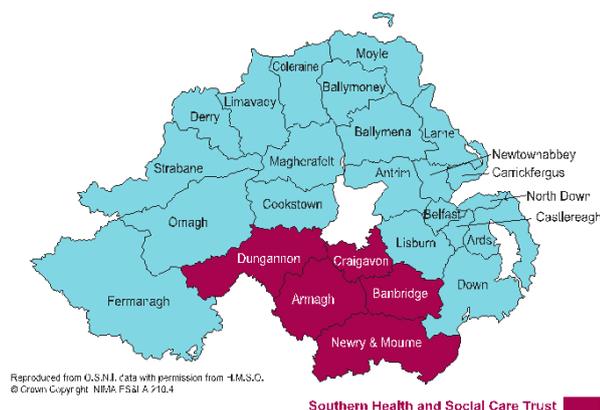
A declaration of Board members' interests has been completed and is available on request from the Chief Executive's Office, Trust Headquarters, College of Nursing, Craigavon Area Hospital, 68 Lurgan Road, Portadown, BT63 5QQ. Telephone 028 3861 3960.

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

Age	Population
0-15	82,767
16-64	231,456
65+	48,922
Total Population	363,145

Expenditure

In 2013/2014 the Trust incurred expenditure of £573.789m.

Staff Profile

The Trust employs 13,741 staff with 76.5% of staff providing direct hands on care to patients and clients. Management costs accounted for 3.6% of income in 2013/14.

The sickness and absenteeism rate for the Trust as at 30 November 2013 was 4.94%.*

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;
- Listen and learn.

* Please note due to unresolved issues with how the sickness percentage is being calculated on HRPTS we are unable to provide the Sickness Percentage as at 31 March 2014. Figure provided is the cumulative % sickness figure from 01 April 2013 - 30 November 2013.

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 2013/14 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:

- 8 out of 10 patients attending A&E departments were treated and admitted or discharged within 4 hours and 0.06% (96 out of 142,052 patients) waited over 12 hours.
- 8 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.
- No patient requiring a Psychological Therapies out-patient assessment waited longer than 13-weeks.

- Resettlement of long-stay adults from learning disability hospitals continued with a further 30 people resettled during the year in line with the Bamford Report recommendations.

Southern Trust facts and figures 2013/14

The Trust spends approximately £1.58m per day delivering services to local people.

During the past year:

- There were a total of 6,152 births in the Southern HSC Trust. There were 4,287 births in Craigavon Area Hospital and 1,865 in Daisy Hill Hospital.
- 76,175 people attended Craigavon Area Hospital Emergency Department and 42,716 attended Daisy Hill Hospital Emergency Department.
- A total of 30,568 people received treatment at the Minor Injuries Units across the Southern Trust.
 - 23,152 received treatment at the Minor Injuries Unit at South Tyrone Hospital;
 - 7,416 at the Minor Injuries Unit in Armagh Community Hospital; and
- Total Number of Outpatient Attendances – 374,588
 - new outpatient attendances – 112,853
 - review outpatient attendances – 261,735
- Total number of inpatient admissions – 54,358
 - Elective – 7,882
 - Non-elective – 46,476
- Number of daycases – 32,773
- The Trust received 14,044 child care referrals.
- The GP Out of Hours service:
 - Received 107,922 patient telephone calls.
 - Assessed 50,577 patients by a GP or Nurse via telephone and provided with healthcare advice.
 - Provided 48,203 patient appointments in the Out of Hours centres at Daisy Hill, South Tyrone, Mullinure, Craigavon and Kilkeel.
 - 566 patients did not attend for a booked appointment.
 - 7,036 home visits to patients were undertaken by GPs across the Trust area.
 - 338 patients chose to attend the Out of Hours centre in Castleblayney (via the CAWT cross border project).

- The Trust facilitates the transport of 793 people each day into Day Centres (i.e. 511 are on fleet buses and 282 going with a mix of private coaches, taxis and voluntary drivers).
- The Trust provides care and support through:

Programme of Care	Residential Care	Nursing Home Care	TOTAL
Elderly	386	1351	1737
Mental Health	55	105	160
Learning Disability	112	187	299
Physical and Sensory Disability	2	55	57
TOTAL	555	1698	2253

DATA PROTECTION INFORMATION

The Trust had 1 incident during 2013/14 that required investigation by the Information Commissioner.

COMMITMENT TO EQUALITY

Trust consults on its Draft Equality Scheme Action Based Plan and Disability Action Plan

The Trust commenced a 12 week consultation period on its draft Equality Scheme Action Based Plan and Disability Action Plan. The consultation which commenced on 26 March finishes on 19 June 2014. In the interests of the environment online copies of both Plans are available to download from the Trust's website www.southerntrust.hscni.net under 'Involving You' – 'Consultation' or alternatively by contacting:

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 Tel: 028 3741 2522/2643
 Textphone: 028 3741 2446

Both Plans include a range of action measures aimed at furthering the Trust's Section 75 Equality Duties and Disability Duties.

The Trust is encouraging staff and service users to read the documents and engage with the Trust to ensure that these documents are quality assured by the people on whom they impact most.

Trust scoops the Advancing Diversity in the Workplace Award at the 2013 Annual Women in Business NI Award Ceremony

With a record number of entries the Trust's Head of Equality Assurance Unit, Lynda Gordon was the overall winner of the 2013 Advancing Diversity in the Workplace Award.



'The Equality Commission for NI (ECNI) were delighted to have sponsored the 'Advancing Diversity in the Workplace Award' as part of the 2013 Women in Business NI Awards Ceremony. *It is an opportunity to highlight the inspirational work that brings such a benefit both to employees and to organisations, acknowledging the efforts of individuals who have made a difference.*' (ECNI)

'Selection as a finalist and winner of this award carries prestige for business owners and leaders within business.' (Women in Business NI)

Making Equality Work Best Practice Publication Launch

Staff from the Trust's Equality Assurance Unit participated in the Equality Commission's latest best practice launch which took place on 20 November 2013 at La Mon House Hotel, Belfast at ECNI Conference.

To coincide with this launch the Trust's Head of Equality Assurance Unit, Lynda Gordon, participated in the production of a DVD to highlight best practice in advancing diversity in the workplace. Filming took place on 22 October at the Hill Building in Armagh.

When asked: "*what inspires the organisation to go beyond compliance with equality legislation?*" Lynda replied:

"Instinctively it is something that we continually strive to do as an organisation. Moving beyond statutory compliance and embracing best practice makes good business sense. The Health sector has been very much at the forefront in advancing equality legislation, we work in close collaboration with other HSC organisations to extend best practice across the sector and in so doing we are realising real and tangible benefits for those who work in the service and for those who need our services".



Southern Health and Social Care Trust Equality Assurance Unit: Christine White, Lynda Gordon and Michelle Tate.

PROTECTING THE ENVIRONMENT

Sustainability

The Trust Sustainability Strategy 2020 incorporates the key environmental priorities for the Trust and DHSSPS Northern Ireland including the three key components of sustainability:

- 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.

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

Environmental Benchmarking

This year, the Trust took part in the 15th Arena Network Environmental Survey – Northern Ireland's leading environmental benchmarking exercise. We were awarded Quintile 2 status scoring 77% (13% increase on last year) (60-79%) demonstrating continual improvement in environmental performance.

ENERGY

Carbon Reduction Commitment (CRC)

The Trust must comply with the Carbon Reduction Commitment (CRC) requirement to monitor carbon emissions for all electricity and natural gas consumed and pay the required allowances. We can demonstrate a 37 % reduction in carbon emissions over the last year under the requirements of the legislation. This was mainly due to the carbon emissions due to oil burned are no longer required to be reported as part of the scheme. There was a 3.89% increase in electricity demand and due to the increase in the number of sites using natural gas there was a 19.73% increase in natural gas consumption.

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. The Trust now has in place monitoring for over 75% of the Estate.

Energy Projects

The Trust was successful in obtaining energy funding for projects including:

Mechanical infrastructure upgrade to improve heating supply and control to Craigavon Area Hospital. This includes changing from the high carbon producing fuel of Heavy Fuel Oil (HFO) to natural gas and using high efficiency boiler plant therefore significantly reducing carbon emissions and energy costs.

Natural gas conversion projects at Craigavon Area Hospital (CAH), Lurgan Hospital, Bocombra and Lisanally House. These conversions will help towards the Trust aim to reduce carbon emissions across the Trust Estate. This will be further enhanced by the use of high efficiency boilers that will significantly reduce energy costs.

Building Management System (BMS) upgrade project which will enable the Trust to monitor and effectively control the temperatures across the Estate and therefore improve both the patient experience and energy efficiency.

Heat Recovery project at CAH Laundry that will utilise the waste hot water being extracted from the wash process which is recycled to preheat the water supply therefore reducing energy use in this area.

The Trust continues to be part of the EU funded research and development project (EDISON project) on LED lighting (only project including healthcare in the research into ICT for energy efficiency in Public buildings). This ground-breaking project is demonstrating significant improvements in efficiency over the last year (50-60%). The project is being completed at two sites: Bocombra Lodge and Lurgan Hospital (Ward 1 and 2). The LED lighting and associated controls is allowing staff to control light requirements at a local level and all using DC power supply.

Waste Management

The Trust recycling rate remains at 12%. However, overall domestic and recycling waste generated has reduced by 113 tonnes (7%) in the last year. As less waste is being generated this indicates that there is increased efficiency across wards and departments.

CAH now has a purpose built waste transfer station in place enabling the hospital to further enhance its waste and recycling performance. This is where all waste is received, segregated and stored from the main hospital and other Trust facilities prior to collection and falls under the Environment Agency licence requirements.

Waste management e-learning for all staff is now in place providing expert advice on all aspects of waste management. E-learning has made the training much more accessible to staff and has made its delivery much more efficient.

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.

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 40 to 75 of the Annual Accounts.

Signed



(Chief Executive) Date: 12 June 2014

Financial Commentary on the Year Ended 31 March 2014

The financial position facing the Trust for both the past year and in looking forward continues to be extremely challenging. The combination of funding reductions in anticipation of further efficiency savings, mounting staffing and other cost pressures, increased service demand and the already relatively efficient status of our acute and community services have resulted in the Trust reporting an overspend for the first time.

The Trust reported concerns about its ability to achieve a balanced financial position in the early months of the year projecting an overspend of £13.5m. It has worked closely with HSCB and DHSSPS colleagues over the course of the year and, through a combination of additional contingency measures and access to non-recurring sources of additional income, it has reduced the actual in-year overspend to £3.16m.

The delivery of an overspend is regretted by the Trust Board. It is however confident that the amount incurred is the minimum consistent with the maintenance of safe, timely and high quality services to the Southern Trust population. It is also committed to continuing to work with sister Trusts, the HSCB and the DHSSPS to secure sustainable solutions to the many pressures facing health and social services in the current economic environment.

The Trust's charitable fund account is consolidated with the public fund account for the first time this year as a result of a change in accounting policy. However, this has no impact on the reported financial position for public funds as the distinction between public funding and the other monies donated by private individuals still exists.

During 13/14, charitable donations of over £369k were received by the Trust. These funds were used to support expenditure in the following areas:

- Patient / Client / Relative / Visitor Comfort and Amenity;
- Staff education and training / skills enhancement;
- Academic Research and Development.

Results

The Trust's main funding source is its Revenue Resource Limit (RRL) from the DHSSPS. Expenditure exceeded the RRL of £532m by £3.16m. The Trust also receives a limited amount to spend on capital, the Capital Resource Limit (CRL). It kept within the CRL of £45.5m by £810k.

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 is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is as follows:

	2014 Number	2014 Value £000s	2013 Number	2013 Value £000s
Total bills paid in year	114,589	208,090	123,324	212,108
Total bills paid within 30 days or under agreed payment terms	101,829	194,388	114,113	203,165
Percentage of bills paid within 30 days or under agreed payment terms	88.9%	93.4%	92.5%	95.8%
Total bills paid within 10 days	65,694	152,379	59,689	148,329
Percentage of bills paid within 10 days	57.3%	73.2%	48.4%	69.9%

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.

A fall in the 30 day prompt payment indicator has been experienced during the year due to the disruption to normal business activity experienced by the introduction of a new finance system and the routing of supplier invoices through a scanning centre. Improvements will be expected in 2014/15 as familiarity with the system embeds, however the transfer of the accounts payable function to a shared service centre may cause further disruption and prevent realisation of some of the system benefits in the short term. It should be noted that the new Finance system measures prompt payment from the date invoices are scanned at Shared Services scanning centre and not the invoice date. Therefore there is the potential that the prompt payment compliance figures reported are over-stated depending on the time delay between the invoice date and date of scanning. This is a system wide issue which the Trust will pursue with the Business Services Organisation.

During the year the SHSCT paid £81 interest and £9,086 compensation in respect of late payment of commercial debt.

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 £532m of which Non Cash Revenue Resource Limit was £19.97m.

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: 4,148,509	334,585
Enable NI	Payments: 152,724	0
Southern Education & Library Board	Payments: 25,074 Receipts: 81,001	17,267
Royal School, Armagh	Payments: 1,025	0

Post Balance Sheet Events

There were no post balance sheet events.

Audit

The accounts and supporting notes relating to the SHSCT's activities for the year ended 31 March 2014 have been audited by the Northern Ireland Audit Office. The report of the Comptroller and Auditor General is included on pages 74 - 75. 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 2014 which pertained solely to the audit of the Public Funds Accounts was £55,250. The notional cost of the audit of the Charitable Funds Accounts was £6,750.

Pension Liabilities

The accounting treatment of pension liabilities is explained in Note 1.20 of the annual accounts on pages 93 to 94.

Remuneration Report for the Year Ended 31 March 2014

Fees and allowances paid to the Chair 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 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 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 2013/14, 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 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 2013/14, all contracts were permanent and provide for three months' notice for both parties. In addition, Mr Miceal Crilly has been undertaking an acting role to Director of Mental Health & Disability since 4th March 2013 to cover for Mr Francis Rice who has been seconded within the Trust to undertake specific projects associated with his Executive Director of Nursing role. Mrs Deborah Burns has also been undertaking an acting role to Director of Acute Services since Dr Gillian Rankin's retirement on 31st March 2013.

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.

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:

Name	2013/2014			2012/2013		
	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 (Chair)	25-30	0	0	25-30	0	0
Mrs E Mahood	5-10	0	0	5-10	0	0
Mr R Alexander	5-10	0	0	5-10	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	5-10	0	0

	2013/2014					2012/2013				
Name	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Pension Benefits £000s	Total £000s
Executive Members										
Mrs M McAlinden - Chief Executive	100-105	0-5	0	0	100-105	95-100	0-5	0	21	115-120
Mr S McNally - Director of Finance & Procurement	90-95	0-5	0	(2)	85-90	85-90	0-5	0	(14)	75-80
Dr J Simpson - Medical Director	170-175	0	0	104	275-280	165-170	0	0	28	195-200
Mr P Morgan - Director of Children & Young People's Services	75-80	0-5	0	0	75-80	70-75	0-5	0	2	75-80
Mr F Rice - Executive Director of Nursing & AHPs	95-100	0-5	0	28	125-130	90-95	0-5	0	20	115-120
Mr M Crilly – Acting Director of Mental Health & Disability Services	75-80	0-5	0	62	135-140	5-10 (70-75 full year equivalent)	0	0	2	5-10 (75-80 full year equivalent)
Other Members										
Mrs P Clarke - Director of Performance & Reform	75-80	0-5	0	4	75-80	70-75	0-5	0	7	80-85
Mrs D Burns - Interim Director of Acute Services	70-75	0-5	0	39	110-115	N/A	N/A	N/A	N/A	N/A
Mr K Donaghy - Director of Human Resources & Organisational Development	80-85	0-5	0	(19)	65-70	80-85	0-5	0	9	90-95
Mrs A McVeigh - Director of Older People & Primary Care	80-85	0-5	0	25	105-110	75-80	0-5	0	(5)	75-80

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Please note that the salary bandings for each board member within the remuneration table are reflective of applicable salary increases following the Senior Executive pay award payable from 1 April 2013. Departmental approval in respect of this was not granted until 14 May 2014 and as such the CETV values noted above have been calculated using pre adjustment salary figures.

During 2013/14 the only change to senior employee staffing was the appointment of Mrs D Burns to the post of Interim Director of Acute Services on 1st April 2013.

Median Remuneration

	2013/2014	2012/2013
Band of Highest Paid Director's Total Remuneration (£000s)	170-175	165-170
Median Total Remuneration	£26,730	£26,043
Ratio	6.5	6.4

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 2013/14 was £170k-£175k (2012/13: £165k-£170k). This was 6.5 times (2012/13: 6.4 times) the median remuneration of the workforce, which was £26,730 (2012/13: £26,043).

In 2013/14, 14 (2012/13: 19) employees received remuneration in excess of the highest paid director. Remuneration ranged from £175k to £235k (2012/2013: £165k to £240k). 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 2013/14 and 2012/13 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	2013/2014		CETV at 31/03/13 £000s	CETV at 31/03/14 £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 (Chair)	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 0-2.5 lump sum	35-40 plus 115-120 lump sum	666	707	9
Mr S McNally - Director of Finance & Procurement	0-2.5 plus 0-2.5 lump sum	35-40 plus 115-120 lump sum	831	881	9
Dr J Simpson - Medical Director	5-7.5 plus 15-17.5 lump sum	60-65 plus 185-190 lump sum	1,194	1,370	117
Mr P Morgan - Director of Children & Young People's Services	0-2.5 plus 0-2.5 lump sum	25-30 plus 85-90 lump sum	590	629	9
Mr F Rice - Executive Director of Nursing & AHPs	0-2.5 plus 5-7.5 lump sum	35-40 plus 110-115 lump sum	593	653	30

Name	2013/2014		CETV at 31/03/13 £000s	CETV at 31/03/14 £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			
Mr M Crilly - Acting Director of Mental Health & Disability Services	2.5-5 plus 7.5-10 lump sum	25-30 plus 85-90 lump sum	512	599	62
Other Members					
Mrs P Clarke - Director of Performance & Reform	0-2.5 plus 0-2.5 lump sum	20-25 plus 60-65 lump sum	328	353	9
Mrs D Burns - Interim Director of Acute Services	0-2.5 plus 5-7.5 lump sum	15-20 plus 45-50 lump sum	195	234	30
Mr K Donaghy - Director of Human Resources & Organisational Development	(0-2.5) loss plus (0-2.5) lump sum	35-40 plus 110-115 lump sum	778	808	(8)
Mrs A McVeigh - Director of Older People & Primary Care	0-2.5 plus 2.5-5 lump sum	30-35 plus 100-105 lump sum	638	701	32

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

This reflects the Trust's requirement to disclose the details of off-payroll engagements at a total cost of over £58,200 per annum that were in place during the year.

The Trust's use of Off Payroll Staff Resources in 2013/14 is shown below:

	2013/2014		2012/2013
	Number of staff		Number of staff
Off Payroll Staff as 1st April 2013	7	Off Payroll Staff as 31st Jan 2012	12
New engagements during the year	13	New engagements during the period	5
Number of engagements transferred to payroll	0	Number of engagements transferred to payroll	0
Number of engagements that have come to an end during the year	9	Number of engagements that have come to an end during the year	10
Off payroll staff as at 31 March 2014	11	Off payroll staff as at 31 March 2013	7

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	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
<£10,000	0	0	0	5	0	5
£10,000-£25,000	0	0	0	22	0	22
£25,000-£50,000	0	0	0	33	0	33
£50,000-£100,000	0	0	1	13	1	13
£100,000-£150,000	0	0	0	4	0	4
£150,000-£200,000	0	0	0	0	0	0
Over £200,000	0	0	0	0	0	0
Total number of exit packages	0	0	1	77	1	77

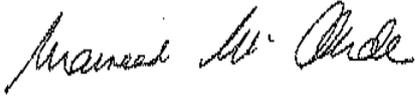
	£000s	£000s	£000s	£000s	£000s	£000s
Total Resource Cost	0	0	178	2,988	178	2,988

Total Number of Exit Packages by Types		
	2013/14	2012/13
Change of Management	0	20
Transforming Your Care	1	57
Business Services Transformation Programme	0	0
Total	1	77

The above exit costs are reflected in note 4 of the Annual Accounts within operating expenses £178k (2012/13: £2,095k).

The exit packages in 2013/14 which impact net expenditure represent voluntary leavers as a consequence of 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.

Signed  (Accounting Officer)

Date 12 June 2014

SOUTHERN HEALTH AND SOCIAL CARE TRUST

Annual Accounts for the Year Ended 31 March 2014

FOREWORD

These accounts for the year ended 31 March 2014 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 2014

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 2014

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 78 to 144 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)

12 June 2014

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts pages 78 to 144 as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.



Chair (Southern HSC Trust)

12 June 2014

Date



Chief Executive (Southern HSC Trust)

12 June 2014

Date

Southern Health and Social Care Trust

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Governance Statement

1. Scope of Responsibility

The Board of Directors of the Southern HSC Trust (the 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 (DHSSPS).

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's inter-relationship with the DHSSPS, 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's 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 Arm’s Length Body (‘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.

The Trust Board has provided a continued focus on its governance arrangements by undertaking a Board effectiveness evaluation on an annual basis by completing the Board Governance Self-Assessment Tool issued by the Department of Health, Social Services and Public Safety. The Board completed the formal baseline assessment in 2012/13 and implemented the actions identified. The main action related to not having an independent evaluation by a third party. An independent review of Board Effectiveness was subsequently undertaken during March – July 2013 which included 1:1 interviews and observations at meetings, as well as a review of areas in line with the assessment tool provided by the DHSSPS. A report on the findings, key themes and resulting actions was submitted to the Board in August 2013 and time was dedicated at the Board Development Day on 14th November 2013 to discuss explore and test the key themes identified.

The Board completed the self-assessment evaluation for the second time in 2013/14. This was approved by the Board on 26th March 2014 and submitted to the Department by the due date of 31st March 2014. One of the actions related to the absence of a formal documented Board skills audit and the Trust Chair has plans in place to complete this work by June 2014. A Board Impact Case Study was also completed on how the Board has positively shaped the vision and strategy of the Trust.

All Trust Board members uphold the 7 principles of public life and the Trust Chair regularly reinforces the need to adhere to the Code of Conduct and Code of Accountability. The Board operates under eight core principles, ten good governance standards and eleven statements of Board Etiquette. The Board Etiquette was reviewed and refreshed by the Board during the year and an overarching Board objective was agreed. At the start of each meeting, members are requested to declare any potential conflicts of interest in relation to agenda items. No declarations of interest in relation to any items on the agenda were received during the year. 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. This framework is further supported by the Trust's own Board Assurance Framework and Risk Management Strategy.

The Board exercises 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;
- Management Statement and Financial Memorandum;
- An Audit Committee;
- A Governance Committee;
- An Endowments and Gifts Committee;
- A Remuneration Committee; and
- A Patient and 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 with the Chair of each Committee highlighting any specific issues for the attention of the Board. This is evidenced by the agenda and minutes of Trust Board meetings. 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.

In accordance with good practice, the Trust Chair meets with the Committee Chairs on an annual basis to reflect on the work of the Committees and to share any learning.

Trust Board

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

- Chair (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 8 formal Board meetings and 3 Board workshops during the year and attendance at the formal meetings was as follows:

30 th May 2013	94%
13 th June 2013	82%
29 th August 2013	100%
26 th September 2013	88%
24 th October 2013	94%
28 th November 2013	100%
30 th January 2014	100%
26 th March 2014	100%

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 continues to explore ways of encouraging public attendance at meetings and the meeting held on 26th March 2014 was publicised more widely using the display of posters in venues in the local area. The Trust Chair recently met with public attendees at Board meetings to seek their perspective on how the Board conducts its business and to obtain any suggestions for improvement.

The Board operates via an Annual Board calendar of meetings and agenda topics. Each Board agenda comprises 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 and invitations were extended to staff and service users to hear their experiences of care. The Board received reports at each meeting on the financial position, workforce information and performance against targets. The Chief Executive provides a written report at each meeting to advise of key issues, both internal and external to the organisation, that have emerged since the last meeting.

Three Board workshops were held during the year, at which members explored strategic issues and planned service developments. A facilitated workshop 'Listening, learning from user and staff comments, concerns and complaints' was held for Board members in February 2014.

The Trust Board held a Development Day 'Reflection, Effectiveness and Preparedness' in November 2013. This is an important event in the Annual Board calendar in terms of whole Board learning and development. Risk appetite was an area of focus at the Board Development Day and a risk framework was developed for strategic or significant proposals for service change to Trust Board. The Board Development Day also provides the opportunity for the Board to take time out to review its effectiveness and preparedness for the coming year.

Audit Committee

The Audit Committee is required by its Terms of Reference to meet not less than 3 times a year. During 2013/14, the Committee held 6 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 are 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. 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. During 2013/14, there was full attendance at all Audit Committees by four out of five of its members.

To ensure linkages across the Audit and Governance Committees, the Chair of the Audit Committee is a member of the Governance Committee and likewise, the Chair of the Governance Committee is a member of the Audit Committee.

In carrying out its work, the Committee used the findings of Internal Audit, External Audit, assurance functions, financial reporting and Value for Money activities. It approved the Internal Audit programme of work and reviewed progress on implementing internal and external audit recommendations. It considered reports from Internal Audit at each meeting and overall accepted the findings and recommendations of Internal Audit in its reports for 2013/14. 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 E-learning fraud package, received a summary of the findings from the National Fraud Initiative investigations and discussed the Counter Fraud and Probity Services Annual Report for 2012/13. There is ongoing reporting to the Committee in respect of compliance with Departmental directions/circulars and the Committee received regular updates on the progress of implementing the new systems associated with 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. The Committee reviewed and updated its Terms of Reference during the year to include review of Post Project Evaluations of major projects and programmes and the use of Direct Contract Awards by the Trust.

The Committee assessed its effectiveness against the National Audit Office (NAO) Audit Committee self-assessment checklist. One action emerged, that of the review of the draft Accounts by Audit Committee members and this has now been timetabled into the meeting schedule for the 2013/14 accounts. In line with good governance practice, the Committee provided an annual report to the Board in 2013/14.

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 2013/14, all 4 meetings were held as per the agreed schedule. The Committee reviewed and updated its Terms of Reference during the year.

The membership of the Governance Committee comprises all Non-Executive Directors. The Chief Executive, members of the Senior Management Team, 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. During 2013/14, there was full attendance at all Governance Committees by five out of seven of its members.

The Governance Committee is the overarching strategic Committee responsible for providing assurance to the Board on all aspects of governance (except financial control) and during the year the Committee 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. A standing item on the Committee's agenda is review of the Corporate Risk Register to ensure that actions are being progressed and that identified controls are effective. 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, as well as Medicines Governance. The Committee sought assurances on system improvements and received progress updates on, for example, Management of Water Systems, Fire Safety Management and the National Early Warning System (NEWS) in discharge of its oversight responsibilities to the Board. 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 RQIA, BSI Assessment Reports and CPA Accreditations. Presentations were provided on Perinatal Mortality Statistics and the outcome of a Quality Assurance visit by the N.I. Quality Assurance Reference Centre to the Breast Screening Unit.

The Chair of the Governance Committee undertook an evaluation of the performance of the Committee during the year and a report was provided at the Board Development Day in November 2013.

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 2013/14, the Committee held 4 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 three Non-Executive Directors, 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. Two members had full attendance at all meetings during the year, with the remaining members missing one or more meetings. One Director attended no meetings but nominated a deputy to attend on all occasions.

During 2013/14, the Committee approved revised 'Procedures for the Management of Charitable Trust Funds'. The Chair of the Endowments and Gifts Committee undertook an evaluation of the performance of the Committee during the year and a report was provided at the Board Development Day in November 2013.

Remuneration Committee

The Remuneration Committee is required by its Terms of Reference to meet on at least 2 occasions per year. The Committee held 2 meetings during 2013/14 to progress matters pertaining to the appropriate remuneration of senior executives, in accordance with DHSSPS policy and guidance. A quorum is two members, in addition to the Trust Chair. The Director of Human Resources and Organisational Development is in attendance. There was full attendance by all members during the year.

The Committee reviewed and updated its Terms of Reference during 2013/14.

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 2013/14, 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. This Committee leads the co-ordination, development, implementation and monitoring of the Trust's PPI Action Plan, monitors the Patient Client Experience Standards Audit programme and complaints across the organisation. The Committee considers the findings of external reports e.g. RQIA, the Francis Report and discusses any learning in relation to user experience.

The membership of the Patient and Client Experience Committee comprises the Trust Chair and four Non-Executive Directors. Trust Directors, the Assistant Director of Promoting Wellbeing and the Assistant Director of Clinical and Social Care Governance, together with user representatives are in attendance. Two of the five members achieved full attendance during 2013/14.

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 Meetings are rotated on an alternative weekly basis between operational and strategic matters and its membership includes all Operational and Support Directors

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 following section provides an overview of the Trust's Business planning process and considers how objectives are identified, managed and reviewed.

The **Trust's Strategic Plan "Changing for a Better Future"** aims to ensure clarity about the strategic direction for services delivered by the Trust during the 2 year period 2013-2015 and specifically to identify what implementing "*Transforming Your Care*" will mean locally for individual services. This plan builds on the Trusts last 5 year strategic plan "*Changing for the Better*".

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 plan.

This Strategy 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.

We want to be very clear about what is important to us as a Trust and what we want to achieve in providing health and social care to local people. The Trust's corporate objectives continue to 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 Trust's Strategic Plan is underpinned on an annual basis by the Trust's Delivery Plan.

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 HSCB.

Directorate Work Plans are developed annually on the basis of the Strategic Plan and TDP. These plans summarise the key deliverables falling under each objective in the Strategic 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.

Decisions on **service development or change proposals** 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's Strategic 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 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.

Performance Monitoring Requirements

In 2013/14 the Trust maintained its focus on the Ministerial Commissioning Plan Standards through weekly and monthly performance reporting. On a weekly basis the Performance Team provide a Performance Report which is circulated to Operational Directors and their teams and provides a tool for escalation and follow-up on issues that are in excess of the required performance standards. This weekly report is also circulated to the Senior Management Team.

On a monthly basis a Performance Report and Indicator of Performance report is produced for Trust Board. This report is circulated in advance to SMT for approval and then submitted for Trust Board. These reports focus on the Ministerial Commissioning Plan Standards and also Indicators of Performance that are relevant to the Trust. Within the Trust Board Performance Report Regional benchmarking data is used from the HSCB Trust Board Performance Report which allows a comparison against the other NI Trusts. Where applicable benchmarking data obtained through CHKS, a provider of healthcare intelligence and quality improvement services, is used.

Focus is further maintained on performance against Service & Budget Agreement (SBA) baseline delivery (where these exist) and access standards at weekly / fortnightly / monthly Operational meetings where the Performance Team challenge the operational teams on their level of delivery against their specialty SBAs and also then on their ability to progress to achievement of the access standards. To assist the Operational

Teams the Performance Team produce a weekly SBA activity report as well as a monthly SBA activity report to detail performance against their expected SBA during the different stages of the year.

In 2013/14 key risks were associated with the achievement of Service & Budget Agreement levels and access standards by the end of March 2014. Whilst the majority of specialties did achieve the agreed access standards / backstop targets, a number of specialties did not reach the agreed position.

Analysis has confirmed that this related to a number of factors:

- Recurrent investment has not yet been completed nor 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 IS;
- Insufficient levels of non-recurrent funding from HSCB to provide in-house additionality or seek independent sector capacity;
- The impact of sickness; maternity; and other absences in the medical workforce and associated challenges in securing backfill capacity in general and within current funded resources;
- Continued pressures on demand in some areas, including non-elective demand; red flag demand; and urgent referrals; and
- The need to allocate appropriate levels of capacity for service areas not subject to Regional standards / targets i.e. review appointments and planned repeat procedures.

During 2013/14 the Trust worked closely with HSCB and the Southern Local Commissioning Group (SLCG) to manage these risks in year with plans developed and monitored throughout the year, however, capacity was difficult to secure in a number of specialties.

Whilst offers of recurrent investment were made in 2012/13 for a number of specialties, agreement on the funding of these offers was only finalised in 2013/14. Implementation plans are now being developed for these recurrent investments.

HSCB have sought plans from the Trust to ensure that the performance position at the end of March 2014 will be held as a minimum, if not improved, in Quarter 1 of 2014/15. The Trust relies on a number of factors for this including delivery of SBA and securing in-house additionality / independent sector capacity for which sufficient non-recurrent allocations from HSCB are required.

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 on two occasions during the year - in May and October 2013. 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 Board Assurance Framework 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
Prospective	Retrospective	Prospective
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 – use of media reports and information from other Trusts
Independent Reviews	Employee Satisfaction Measures	Other self-assessment tools - Health and Social Care Quality Standards Audit Commission.
Coroner's Reports	Sickness and Absence Records	
	Staff Turnover	
	Levels of Agency Utilisation	
	Medical Device and Equipment Alerts	
	Introduction of new Standards and Guidelines	
	Outcome of Audit	

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 is in place, chaired by the Trust Personal Data Guardian, which provides direction and co-ordination of the strategic Information Governance and Records Management agenda. The Forum meets quarterly and reports to Trust Governance Committee, a sub-committee of Trust Board.

The purpose of the forum is to review the development and maintenance of an effective system of information governance, support 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 (Technology Enabled Change).

During 2012/13 the Trust undertook an extensive audit of information assets held by each Directorate. In 2013/14, this was followed up with a risk assessment of each information asset, including an action plan to address any risks raised, in accordance with the DHSSPS Information Governance Framework. 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.

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 implemented a software package to proactively identify potential unauthorised access to information systems. This software continues 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 provided satisfactory assurance. The recommendations from this audit were all 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 the Beeches Leadership Centre and have been rolled out in the Trust since April 2013. Training for Personal Data Guardians has been implemented regionally.

The Trust achieved the required 'moderate' compliance (62%) in relation to the new Information Management Controls Assurance Standard and has an action plan in place to ensure 'substantive' compliance by December 2014. There were no significant lapses of security in relation to data loss in 2013/14.

6. Public Stakeholder Involvement

In line with the Regional Strategy (DHSSPS, 2004), Departmental Guidelines for Personal and Public Involvement (PPI) (DHSSPS, 2007 and 2012), sections 19 and 20 of the Health and Social Care (Reform) Act (Northern Ireland) 2009 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 chaired by a Non-Executive member of Trust Board with representation from the Non-Executive and Executive Officers of the Trust, representation of the Patient Client Council and service users from the Trust's PPI Panel. This group is responsible for leading the coordination, development, implementation and monitoring of the Trust's PPI Action Plan 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 BME 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 Trust Carers' Reference Group and involvement framework; the completion of Trust self-audit and the development of Trust Carers Action Plan; and
- The establishment of a Trust Traveller Action Group with representation from Travellers and local Traveller Support Groups to progress the recommendations emanating from the All Ireland Traveller Health Study as they pertain to the Southern Trust.

The Trust has developed a PPI Strategic Action Plan, which details 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 continues to implement. An extensive 12-week consultation process with a wide range of stakeholders 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 that have been informed by the baseline assessment and evaluation of current PPI mechanisms and the identification of key areas and priorities for on-going development of the PPI agenda, as part of the business agenda of the Directorate. These action plans focus on five key themes:

1. Information;
2. Service User and Carer Involvement;
3. Evidencing Patient & Client Experience Standards;
4. Training; and
5. Monitoring and Evaluation.

PPI indicators have been developed for each of the five key themes.

At the end of each year, the Trust develops a Corporate PPI Action Plan and Progress report that is then made available on its website. The Trust also submits mid-year and end of year Accountability reports to the DHSSPS.

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, based on sufficient evidence, whether the current controls and assurance systems are sufficient and are working effectively. Board minutes attest to the challenge and scrutiny applied to the Board Assurance Framework.

The Board Assurance Framework sits alongside the Corporate Risk Register, the Controls Assurance Standards process 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. Board members regularly discuss and challenge the quality of the information presented to them and collectively reflect on information received. Information requirements were discussed at Board Development Day in November 2013. A Non-Executive Director is a member of the Trust Information Governance forum which addresses assurance processes for data quality. No significant issues have been raised.

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.

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

The Board's self-assessment evaluation of its effectiveness provides additional assurance on the effectiveness of the organisation's governance arrangements.

The Trust also attends Mid and End of Year Assurance and Accountability meetings with the DHSSPS and Health and Social Care Board, the purpose of which is to provide assurance on the systems of internal control.

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 2013/14. Each standard has an action plan in place to address any areas of non-compliance.

The Records Management Standard has been replaced in 2013/14 with the Information Management Standard and moderate compliance is acceptable for the first year of implementation. For all other standards substantive compliance is required.

The table below provides a summary of the expected and achieved levels of compliance for 2013/14.

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

Information Management	40% - 74% (Moderate)	Moderate
Management of Purchasing and Supply	75% - 99% (Substantive)	Substantive*
Medical Devices and Equipment Management	75% - 99% (Substantive)	Substantive*
Medicines Management	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 2013/14*

The above table demonstrates that the required levels of compliance have been achieved in 2013/14.

The Trust recognises the limited assurance Internal Audit reports on Fire Safety and Procurement and Management of Pharmacy Contracts and the unacceptable assurance on the Procurement and Management of Estates Contracts (detailed on page 66) 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.

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 2013/14 Internal Audit reviewed the following systems:

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Finance Audits:	
Key Financial Control	Satisfactory
Payroll (HRMS)	Satisfactory
Travel Expenses (pre HRPTS)	Satisfactory
Non Pay Expenditure (FPL)	Limited
Bank and cash (FPL)	Satisfactory
Budgetary Control (FPL)	Satisfactory
General Ledger (FPL)	Satisfactory
Charitable Trust Funds	Satisfactory
Management of Contracts – Independent & Voluntary Sector	Satisfactory - overall Limited – Procurement of Social Care Services
Private Patient Income	Limited
Patients’ Private Property – Mental Health Directorate only	Satisfactory
Restaurant income – Craigavon Area Hospital	Satisfactory
Mental Health & Disability Directorate – Finance Audit	Satisfactory
Client Monies, Cash and Valuables Handling in Children’s Residential Facilities	Satisfactory

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Client Monies in the Independent Sector (Residential Homes and Adult Supported Living Facilities)	Satisfactory
Waiting List Initiative – Payments to consultants	Satisfactory
Ordering and Receipt of goods (FPL)	Satisfactory
Estates Stores Management – Use of Backtraq	Satisfactory
Procurement and Management of Pharmacy contracts	Limited
Estates Procurement and Contract Management	Unacceptable
Mental Health & Disability Directorate – Adult Supported Living	Unacceptable
Corporate Risk Based Audits:	
Directorate Risk Based Audit – OPPC Directorate – Commissioning of Domiciliary Care Services 2013/14	Limited
Best Care Best Value incorporating Transforming Your Care	Satisfactory
Performance Management	Satisfactory
Management of Independent Contract Waiting List Initiative Work	Satisfactory
Governance Audits:	
Risk Management	Satisfactory
Fire Safety	Limited
ICT Governance	Satisfactory
Research Governance	Satisfactory

Consultancy and Investigation Assignments

FPL Pre Go Live 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, review of access privileges, authorisation limits and staff training for the new system.

HRPTS Pre Go Live Readiness – Internal Audit reviewed some of the preparations by the Trust for the new Human Resources, Payroll, Travel and Subsistence system. This work focused primarily on data migration, segregation of duties, readiness to go live and the permissibility framework controls.

National Fraud Initiative – Internal Audit conducted some testing on duplicate payments and inaccurate VAT payments identified by the data matching exercise on behalf of the Trust. The results of this were presented to the Trust for further follow up where required.

Follow up on previous issues in Independent Sector Homes – Internal Audit followed up on recommendations made to one specific independent sector home in 2012/13

following on-going concerns. This home remains the subject of an adult safeguarding investigation by the Trust.

Investigation of Specific Whistleblowing Allegations – Internal Audit were asked to undertake some specific work following allegations which were made concerning pay related claims. 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

338 of the 470 priority one and two previous Internal Audit recommendations examined at year end were fully implemented (72%), a further 22% were partially implemented and 6% have not yet been implemented. There were two priority one findings which have not been implemented in relation to the management of contracts due to a lack of resources to take these forward.

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, two unacceptable assurance opinions have been provided relating to Estates Procurement and Contract Management and Adult Supported Living Services. In general the Internal Auditor commented that procurement outside the COPE and contract management processes need strengthened. These two reports will be further discussed under Internal Control Divergences at page 66.

Weaknesses in control were also identified in a number of other areas. In total the Trust has 46 priority one findings in 2013/14 which is a considerable increase compared to 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 (excluding the two unacceptable reports above) is detailed below:

Key Financial Controls Audit: one priority one issue was raised in relation to debt management. This has remained an area of focus throughout 2013/14.

Non Pay Expenditure: four priority one issues have been raised, a number of which are regional FPL system issues. Management have accepted the recommendations made to the extent that the associated action is under their control.

Bank and cash: one priority one issue was raised concerning the use of FPL functionality – this has been addressed by management during the year.

Mental Health and Disability Directorate – Finance Audit: one priority one issue was identified. Management have accepted the recommendation made and Directorate budget holders were reminded of their responsibility in this area.

General Ledger: one priority one issue was identified in relation to FPL system super users. Management have accepted the recommendation made and will progress during 2014/15.

Management of the contracts with independent and voluntary sector: one priority one issue was identified which related to no social care procurement having been undertaken by the Trust in the last two years. In accepting the recommendations the Trust highlighted action taken within its control and the context for social care procurement that is reliant on regional action i.e. the Trust has had no dedicated procurement resources and no regional strategy exists to provide a roadmap for the procurement of social care. As an interim position the Trust has developed a discipline around the roll forward of contracts which provides assurance that:

- That objectives of the provider are/continue to be in line with objectives of the Trust
- That a service specification has been prepared or reviewed defining the service delivery outcomes with clear measures of performance
- That value for money has been examined and efficiencies sought or obtained accordingly.

The Trust will continue to work with the Social Care Procurement Group of the Regional Procurement Board, HSCB to develop a strategy for social care procurement.

Private Patient Income: seven priority one issues were identified which are mostly addressed by the issue and implementation of new procedures. These new procedures were issued from 1 April 2014. Management accepted the recommendations and progress will be monitored during 2014/15.

Management of Pharmacy contracts: two priority one issues were identified in relation to the use of Single Tender Awards and purchasing items not covered by a contract. Management accepted the recommendations made and are progressing these in 2014/15.

Ordering and Receipting of Goods: one priority one issue was highlighted regarding monitoring Super User access and activity. As above management have accepted the recommendation made and will progress during 2014/15.

Estates Store, use of Backtraq: one priority one issue was identified relating to basic reporting functions not available from the Backtraq system. Management have accepted the recommendation made and it was partially implemented by 31 March 2014.

Commissioning of Domiciliary Care Services: five priority one issues were identified. These related to both medicines management and moving and handling issues. Management have accepted the recommendations made and will progress during 2014/15.

Best Care Best Value: one priority one issue was highlighted which related to a risk that the Trust would not achieve its savings targets for 2013/14. This was accepted by management.

Waiting List Initiative – Management of independent Sector work: one priority one issue was identified regarding the regional procurement of these services and the need

to consider the procurement methodology in light of the imminent changes in EU procurement regulations. Management accepted the recommendations made and will progress these in 2014/15.

Management of Fire safety: Three priority one issues were identified relating to completing and keeping updated, fire risk assessments; fire training attendance and record keeping; recording fire safety checks by NFOs. Management have accepted the recommendations made and have implemented 4 of the 6 associated actions. The remaining issues will be addressed over an extended time period as the full complement of fire safety officers is currently being put in place and they will prioritise the fire risk assessments.

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 recommendation made.

Research Governance: two priority one issues were identified relating to having signed agreements in place for research projects and the completeness of invoicing. Management have accepted the recommendations made and will progress during 2014/15.

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 2014/15.

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 2013/14, the Audit Committee monitored progress on all external audit recommendations arising from the 2012/13 external audit on a quarterly basis. In relation to the four priority one issues which were raised as part of the 2012/13 audit, action has been taken during the year to try to prevent a re-occurrence including liaison with third parties as appropriate. This was reported to the Audit Committee.

In the course of the external audit for 2013/14, the external auditor has brought to the attention of management four priority one issues, one of which has been disclosed

under Internal Governance Divergences - Estates Risks (section 10 below). The other three relate to pharmacy procurement, the need for Service Level Agreements to be in place with the Business Services Organisations prior to the transfer of services to them and the correct calculation and accounting treatment of indexation. An adjustment was made to the financial statements in respect of indexation and management have responded to all the issues raised.

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

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.

The Trust has a formal Liaison meeting with RQIA; the Liaison group strives to improve communication, to share information and concerns about common issues and consider joint and individual actions necessary to ensure safe and effective provision of care services. This meeting considers both statutory and Independent Sector areas of social care provision.

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 by April 2014.

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 2013 and April 2014 and both areas were successful in achieving accreditation, BSi recommended continuation of the ISO and MDD registration.
- The Laundry Department was externally audited by NQA in February 2014 to ensure compliance with BS EN ISO 9001:2008. The visit was satisfactory and continued registration was recommended.
- 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 five audits completed, the most recent being carried out on 6th & 7th November 2013. During this most recent audit there were no non conformities raised within any of the areas that were assessed. Recertification is scheduled for 29th May 2014.

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. On 25 September 2013 a compliance report was sent to the Human Tissue Authority evidencing how we met the HTA quality standards in relation to Consent and Clinical Governance procedures.

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. The Trust also completes an annual Blood Compliance Report (BCR) for MHRA i.e. compliance against the Blood Safety and Quality Regulations 2006.

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 2013/14 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

New Finance, Procurement and Logistics System

During 2013/14, the Trust successfully implemented this new system. There has been a period of bedding in but during 2014/15, it is hoped further functionality of the new system can be exploited.

Skeagh House

This Trust facility remains out of use until sufficient measures have been designed and implemented to remove the risk. The Department of Legal Services (DLS) have been engaged to provide advice to the Trust and, following the issue of a report from an Independent Geotechnical consulting engineer, are now considering taking legal action.

Estate Risks

Asbestos: The Trust has completed the re-survey of the Estate in respect of Asbestos and has completed the update of the asbestos register. 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.

Year-end capital creditors

An Action Plan was agreed to address the control issues identified during the audit of 2012/13 accounts. These actions were implemented as part of the preparation of the 2013/14 accounts and included:

- Protocols were reviewed for the acceptance of capital which will only be accepted when a clear implementation programme is agreed and the likelihood of an impediment to achieving full in-year spend is low; and
- A stringent monthly review mechanism was established with Finance to enable early action to be taken where any project deviated from plan and there was an increased risk of failure to meet in-year spend targets.

This has not been raised as a control issue by the external auditor in 2013/14.

FRS 12 Estimates for Litigation cases

Meetings were held with representatives of the BSO, DLS, DHSSPS and the Trust to set out the issues to DLS and to ascertain each party's requirements for legal estimates and provision forecasts going forward.

DLS provided assurance on the procedures in place and these were subject to senior finance management review in advance of accounts submission for 2013/14. In addition internal processes within the Trust were reviewed and changes introduced as necessary during 2013/14.

This has not been raised as a control issue by the external auditor in 2013/14.

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

Contract & Procurement Management

The Trust uses E-Sourcing for the procurement of Estates Works contracts. Temporary resources were engaged to enable this to be implemented in 2012/13, however this resource ceased as part of Trust financial contingency measures meaning that only limited progress has been possible. Works contracts under £500k are procured by Estates 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. 380 contracts (this should reduce to approx. 300 upon completion of the amalgamation process) with an annual value of c. £2.8M. PaLS currently manage approximately 19 Estates contracts regionally; locally they manage approximately 13 and are currently procuring a further 8. A proposal paper detailing the additional resources required by both PaLS and the Trusts to undertake this procurement was drafted but has not yet been resolved. Whilst E-Sourcing has been adopted by Estates in this area of procurement as a more effective and efficient procurement method, this process remains outside CoPE (PaLS) influence. Future plans for this area include: further resolution of CoPE coverage and resourcing issues (CoPE); review of staff resources (Trust); rationalisation of contracts; and continued roll-out of E-Sourcing.

In summary, it has not been possible to make any significant progress within the procurement of service and maintenance contracts in the absence of proper resources

being made available both within Estates and at Local/Regional PaLs levels. There is a significant shortfall in procurement capacity within BSO/PaLs to process all the Estates service and maintenance contracts. This results in the creation of more STA/DACs for longer time periods with escalating approval values sometimes requiring Permanent Secretary approval. A lack of clarity and direction exists regarding PaLs/Estates procurement roles as evidenced by the PaLs proposals which have yet to be finalised and an outcome agreed. Within DLS there also exists a capacity shortfall in providing legal advice on Procurement related issues.

Contract and Procurement Management outside the COPE have been highlighted by the Internal Auditor as requiring strengthening going forward.

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. A review of these arrangements was concluded in 2013/14 by an independent specialist in accordance with Departmental requirements and with the report advising that the Trust is in compliance. The Water Safety plan and Independent Review report have been shared with HEIG and the PHA. The PHA has been tasked with reviewing the approach to Water Safety on a regional basis.

Based on system performance data and Clinical data the Trust Water Safety Group further refined the Water Sampling programme which was approved for implementation by Trust Board. The financial implications of delivering the water safety plan and specifically the control of legionella remain as a cost pressure under discussion with the commissioner.

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. 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 received approval for the business case for the replacement of the Mechanical Infrastructure serving Craigavon Area Hospital. Arrangements are in place to mitigate the risks associated with failure of this core system and include: contingency arrangements for patient services; and provision of temporary boiler plant as backup. These measures are critical as failure of this system prior to the 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. Whilst the contingency arrangements that have been established help mitigate the immediate risk the permanent solution for the majority of patient areas went live, in parallel, in March (substantially removing the risk at that point). Contingency arrangements will remain in place until May to ensure the system is fully resilient.

- 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 (March 2014); Installation of new NIE HV supply and upgrade of LV/HV infrastructure (April 2015).
- 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 regular updates on progress are provided to the senior management team and Governance Committee. 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. A recent Internal Audit has highlighted several Priority 1 issues i.e. the completion of the Fire Risk Assessment programme; attendance at training; and recording of housekeeping. Plans have been updated to address each of the issues highlighted.
- 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 Estates Services continue to review contingency arrangements in support of the corporate Business Continuity review programme.

Based on the above, Trust Estates submitted a bid against the Maintaining Existing Services (MES) fund for c.£24m to address identified risks and to date have received an allocation of just over £2m in 2013/14 (including Emergency works to the CAH Mechanical Infrastructure; Water Safety works Trust wide; and Infection control improvement works).

Financial Risks

Safeguarding of Residents' Interests

The Trust continues to liaise with the home owners, their legal representatives and external agencies in relation to the issues identified following two adult safeguarding investigations into two independent sector residential homes. The Trust has also now commenced a process of engagement with families/clients to outline the actions taken by the Trust to date to recoup monies owed to residents and our inability to reach agreement. The Trust continues to cease admissions to the two Homes. The Trust understands that a meeting regarding potential enforcement has taken place between the Home Owners and RQIA and that a summons was issued by RQIA via the court. The Trust has sought a formal update from RQIA on the outcome of its deliberations.

An implementation officer took up post on 10th March 2014 in order to progress the implementation and embedding of the new case management procedures across directorates and NISAT within Physical Disability & Learning Disability. The Trust continues to monitor all clients via the care management process and additional controls initiated following the investigation remain in place.

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

Compliance with this circular has been re-iterated as part of the 2013/14 contract process with independent sector homes.

New Control Issues in 2013/14

Estates risks

Following an investigation in the Northern HSC Trust which raised a number of control issues, the Internal Audit Service has recently completed a similar review for the Trust. This review highlighted a number of control weaknesses, including six priority one issues, which have been discussed with the Estates Director and senior management team and relate to past procurement methods and the documentation of decision making. The Trust has also been asked to investigate a concern in relation to a specific contractor. The Internal auditor has now commenced this additional work and interim reports are expected shortly.

Given that a number of issues related to procurement, contract and project management within estates have been identified over the last year the Trust have taken a number of steps to reflect, learn and improve. These include a significant restructuring within the estates team; working with HEIG PPCU to provide awareness/compliance training; working with COPEs to clarify relative responsibilities and secure an agreed process to prioritise procurements within COPE capacity; completing procurement for a Measured Term contract and putting in place more robust contract management processes and procedures. These positive actions have however been adversely impacted to a degree by continued key staff absences and the Trust are now moving to address estates capacity to ensure more resilience and seek to mitigate risks to complying with systems of internal control.

Clinical and Social Care Risks

Clinical and Social Care Governance

The Trust continues to review, learn from and develop our system of clinical and social care governance, and the Trust has introduced a number of new systems following learning from external and internal sources. As an outcome of this process of continual improvement we submitted a small number of retrospective SAIs during 2013/14. While there will also be a small number of incidents that will take some time and further exploration to assess as appropriate for the SAI process, the Trust is taking very seriously recent events in other Trusts and the recent CMO letter of 9 April, and is acting to seek the information requested and taking the opportunity to review our

screening processes to ensure they are sufficiently robust to identify those incidents that meet the criteria for the SAI process.

Currently management of the process for Serious Adverse Incidents includes:

All incidents graded major and catastrophic are screened against the HSCB criteria for a Serious Adverse Incident (SAI) by the relevant Director, Assistant Director, AMD and CSCG Coordinator. If the incident does not meet the SAI criteria the relevant Director may appoint an independent internal team to review the incident using a Root Cause Analysis methodology. In the event of the incident meeting the Serious Adverse Incident criteria; the Director briefs the Chief Executive that a SAI has occurred and incident is screen against the early alert criteria.

As part of the above screening process consideration is given for the need to inform the Executive Directors of Nursing or Social Work or the Medical Director. This action would be taken if on screening there were immediate or potential concerns / learning regarding professional regulatory standards, practise or conduct.

Where an incident is the subject of an SAI, the patient /client and/or family/carer is informed of this review when appropriate at the earliest opportunity as is the coroner where the case has previously been referred to them.

SAI review Teams are constituted in line with HSCB SAI Procedure.

All staff involved in SAI investigations are supported and facilitated in their roles by Directorate Governance Teams who have been trained in the SAI process. Relevant staffs have attended formal training on the SAI process facilitated by the HSCB. Awareness training of the SAI process has been delivered at operational Governance Fora and Mortality and Morbidity meetings.

Arrangements which exist to ensure the consistent and appropriate reporting of SAIs include:

- A consistent reporting form is in use across the organisation for reporting incidents;
- The Datix system has the functionality to provide trend reports which can focus on a range of variables;
- Operational Governance Arrangements are in place for the monitoring and analysis of incident trends of all incidents as part of each directorate Governance Fora;
- Reports relating to serious adverse incidents are shared at Senior Management Team, Governance Committee and Trust Board under the *Confidential* section of the Agenda;
- Gaps in reporting are also identified by considering Clinical Guidelines, Safety Alerts and learning letters as per the Trust procedure for dissemination of the same;
- The Mortality and Morbidity meetings held within the organisation also provide an opportunity to identify gaps in reporting. The M and M process is presently undergoing review by the Medical Director and is now a multi -professional forum;

- Complaints are screened at Assistant Director level using the regional risk matrix and feedback from patients and families are reviewed at Team, Divisional, Directorate, Senior Management Team and Trust Board levels;
- Audit findings; and
- Participation in Regional Safety initiatives.

In addition, a process is in place where Serious Adverse Incidents, Litigation Cases and Complaints are considered collectively, the purpose of the process being to ensure there is connectivity made across these areas with regards to analysis, trends and learning. Incidents, feedback and learning from coroner's cases and litigation cases are also presented at Mortality & Morbidity meetings. Mortality & Morbidity are now structured to include multidisciplinary input, as well as including where possible the patient experience.

The Trust also ensures that there is shared learning within the Trust from SAIs by:

- The findings, learning and recommendations of incident reviews - irrespective of how they are carried out, are discussed and documented at relevant team, service, division, Morbidity and Mortality meetings and directorate governance meetings;
- The findings and recommendations of both an internal reviews of an incident and an SAI are shared with the patient / client and/or family / carer, HSCB, RQIA (when appropriate) and the coroner (if previously referred) at the earliest opportunity;
- An annual report on Employer / Occupier Claims activity is presented to SMT which includes lessons learnt and key areas for improvement specific to Directorates. Once approved this is disseminated throughout Directorates;
- The learning from medication incidents is shared throughout the Trust; and
- Cross Directorate learning points identified through the Directorate Governance forum as a result of incident reviews are shared corporately via the Trusts Clinical and Social Care Governance working group. The purpose of this group is to propose, forward plan, implement and review a practical and robust CSCG Agenda for endorsement by SMT Governance.

Hyponatremia Enquiry

The Trust contributed to the governance section of the above Enquiry and awaits the learning points and recommendations from that Enquiry. We are continuing to audit our compliance with the current standards and guidelines for hyponatremia, specifically fluid management in children and young people. In relation to the Governance issues with the management of such guidelines, the Trust has established a central point of receipt and integrated management system for same.

Standards and Guidelines

The Trust reports regularly to our Governance Committee, RHSCB and DHSSPS in relation to our level of compliance with standards and guidelines. Our reporting identifies those standards and guidelines where the Trust has not achieved full compliance, the regional and local constraints on compliance, and identifies those

areas where this creates patient safety risks. These higher risk issues are receiving particular attention and include:

- Managing the deteriorating patient;
- Management of falls;
- Prescription of Oxygen Therapy;
- Placement of nasogastric tubes; and
- Reading and interpretation of X Ray reports.

The Trust is continuing to work with DHSSPS in relation to Quality 2020 workstream on the management of Standards and Guidelines.

Finance Risks

Break Even Target

In 2013/14, the Trust incurred an overspend of £3.16m. In commencing the financial year the Trust was aware that the combination of required efficiency savings and mounting cost pressures would present a very significant challenge. Early indications confirmed the suspicion that the bed reduction opportunities anticipated were overly ambitious in light of the actual growth in the local population and the nature of the bed distribution between the two main acute sites. The impact of both population growth and changes in clinical standards also had a significant impact on costs, clinical staffing levels in the acute sector had to be increased in order to address capacity and safety issues, the local demand for domiciliary care services increased at a much greater rate than the regional population data had projected and the Trust had a continued need to invest in environmental improvements such as water safety. These concerns were reported to HSCB colleagues in May 2013 and a revised estimate of income and expenditure at that stage showed the potential for an overspend of £13.5m. The Trust and the HSCB then implemented a 'recovery' programme involving both additional contingency measures and additional but non-recurrent income. The position was closely monitored throughout the year and the closing overspend is in line with that expected by both the Board and the HSCB. The financial outlook for 2014/15 is also difficult with a projected overspend of £27.6m.

Trust Adult Supported Living Facilities

An unacceptable level of assurance was provided by the Internal Auditor in relation to Adult Supported Living Facilities in the Mental Health and Disability Directorate. Nine priority one issues were identified which related in the main to procedures for the Management of Tenants Finances in Supported Living' not having been implemented in full. Management accepted the recommendations made, and developed an action plan which was agreed with Internal Audit. The progression of this action plan is fully up to date as at 30th April 2014. Procedures have now been revised and required training provided to all relevant staff and the auditor has been asked to review the amended processes as soon as is practical in 2014/15.

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/facilities with which it placed clients in 2013/14. 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. A number 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 2014/15 through the Trust contract compliance process.

Fraud cases

In 2013/14 there have been 18 reported cases of fraud. In particular there is an on-going investigation into working practices in St Luke’s Hospital. The Trust has a zero tolerance approach to fraud, which has resulted in staff dismissals for inappropriate claims and underworked hours during the year. One case is currently being considered for prosecution in conjunction with the Counter Fraud and Probity Services.

An increasing trend is being experienced in reported cases of financial abuse and the theft of patient/client monies in general. Currently there are 18 adult safeguarding investigations on-going in connection with the financial abuse of Trust clients. This situation is being kept under review to assess the number of incidents, emerging trends and the resourcing implications within the Trust. In addition, the RQIA have recently issued a report on “Oversight of Service Users’ Finances in Residential and Supported Living Settings” containing a number of recommendations which the DHSSPS will be taking forward with Trusts in 2014/15.

New Human Resources, Payroll, Travel and Subsistence system

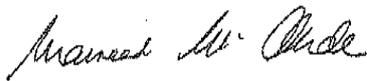
The Trust implemented the HSC Human Resources, Payroll, Travel and Subsistence System in December 2013. There have been a number of difficulties experienced in the early days of implementation of this system principally in the area of payroll processing. A root cause analysis paper has been developed regionally which identifies and addresses operational and strategic payroll issues and the Trust will work closely with the central BSTP Team and the contractor to ensure these are resolved. The Trust is continuing to manage the risks associated with this on an on-going basis. In light of these issues, the transfer of Trust payroll services to shared services in 2014/15 is likely to be delayed until a period of stabilisation is achieved.

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 2013/14.



Accounting Officer 12 June 2014 Date

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 and its group for the year ended 31 March 2014 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. The financial statements comprise the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity, 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 Accounting Officer's 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 audit, 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 Auditing Practices Board'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 group's and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 the group's and of Southern Health and Social Care Trust's affairs as at 31 March 2014 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*

30 June 2014

SOUTHERN HEALTH AND SOCIAL CARE TRUST

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2014

					Restated	Restated	Restated	Restated
	NOTE	Trust	2014 CTF	Consolidated	Trust	2013 CTF	Consolidated	2012 Consolidated
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Expenditure								
Staff costs	3.1	(339,786)	0	(339,786)	(333,811)	0	(333,811)	(315,184)
Depreciation	4	(14,021)	0	(14,021)	(12,960)	0	(12,960)	(12,958)
Other expenditures	4	(219,982)	(492)	(220,474)	(226,234)	(733)	(226,967)	(216,574)
		(573,789)	(492)	(574,281)	(573,005)	(733)	(573,738)	(544,716)
Income								
Income from activities	5.1	25,930	0	25,930	25,384	0	25,384	23,562
Other Operating Income	5.2	12,723	462	13,185	13,456	484	13,940	13,636
		38,653	462	39,115	38,840	484	39,324	37,198
Net Expenditure		(535,136)	(30)	(535,166)	(534,165)	(249)	(534,414)	(507,518)
Revenue Resource Limit (RRL)	25.1	531,979	0	531,979	534,210	0	534,210	507,534
Add back charitable trust fund net expenditure		0	30	30	0	249	249	115
(Deficit) / Surplus against RRL		(3,157)	0	(3,157)	45	0	45	131

OTHER COMPREHENSIVE EXPENDITURE

Items that will not be reclassified to net operating costs:

Net gain/(loss) on revaluation of property, plant and equipment	6.1/ 10/ 6.2/ 10	15,127	0	15,127	(5,612)	0	(5,612)	6,715
Net gain/(loss) on revaluation of intangibles	7.1/ 10/ 7.2/ 10	0	0	0	0	0	0	0
Net gain/(loss) on revaluation of charitable assets		0	69	69	0	213	213	(42)

Items that may be reclassified to net operating costs:

Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0	0
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TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2014		(520,009)	39	(519,970)	(539,777)	(36)	(539,813)	(500,845)
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The notes on pages 83 to 144 form part of these accounts.

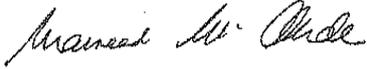
SOUTHERN HEALTH AND SOCIAL CARE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2014

		2014		Restated	Restated	Restated
	NOTE	Trust	Consolidated	Trust	Consolidated	Consolidated
		£000s	£000s	£000s	£000s	£000s
Non Current Assets						
Property, plant and equipment	6.1/6.2	297,485	297,485	256,522	256,522	261,507
Intangible assets	7.1/7.2	214	214	390	390	535
Financial assets	8.0	0	2,678	0	2,109	1,896
Trade and other receivables	12.0	1,062	1,062	1,350	1,350	1,403
Total Non Current Assets		298,761	301,439	258,262	260,371	265,341
Current Assets						
Assets classified as held for sale	9.0	1,285	1,285	0	0	0
Inventories	11.0	3,060	3,060	3,542	3,542	3,119
Trade and other receivables	12.0	15,789	15,801	18,799	18,847	17,417
Other current assets	12.0	2,997	2,945	2,238	2,238	491
Financial assets	8.0	0	100	0	711	582
Cash and cash equivalents	13.0	2,168	2,266	96	184	(255)
Total Current Assets		25,299	25,457	24,675	25,522	21,354
Total Assets		324,060	326,896	282,937	285,893	286,695
Current Liabilities						
Trade and other payables	14.1	(70,097)	(70,150)	(64,610)	(64,822)	(67,625)
Provisions	16.0	(6,129)	(6,129)	(9,896)	(9,896)	(14,132)
Total Current Liabilities		(76,226)	(76,279)	(74,506)	(74,718)	(81,757)
Non Current Assets plus Net Current Liabilities		247,834	250,617	208,431	211,175	204,938
Non Current Liabilities						
Provisions	16.0	(24,136)	(24,136)	(21,679)	(21,679)	(7,532)
Total Non Current Liabilities		(24,136)	(24,136)	(21,679)	(21,679)	(7,532)
Assets less Liabilities		223,698	226,481	186,752	189,496	197,406
Taxpayers' Equity						
Revaluation reserve		40,540	40,540	25,421	25,421	30,543
SoCNE reserve		183,158	183,158	161,331	161,331	164,083
Other reserves - charitable fund		0	2,783	0	2,744	2,780
Total Taxpayers' Equity		223,698	226,481	186,752	189,496	197,406

The notes on pages 83 to 144 form part of these accounts.

Signed  (Chair) Date 12 June 2014

Signed  (Chief Executive) Date 12 June 2014

SOUTHERN HEALTH AND SOCIAL CARE TRUST

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	NOTE	SoCNE Reserve £000s	Revaluation Reserve £000s	Charitable Fund £000s	Total £000s
Balance at 31 March 2012		164,083	30,543	2,780	197,406
Restated balance at 1 April 2012		164,083	30,543	2,780	197,406
Changes in Taxpayers Equity 2012-13					
Grant from DHSSPS		531,000	0	0	531,000
Transfers between reserves		358	(358)	0	0
(Comprehensive expenditure for the year)		(534,165)	(5,612)	(36)	(539,813)
Transfer of asset ownership		0	848	0	848
Non cash charges - auditors remuneration	4	55	0	0	55
Restated Balance at 31 March 2013		161,331	25,421	2,744	189,496
Changes in Taxpayers Equity 2013-14					
Grant from DHSSPS		556,900	0	0	556,900
Transfers between reserves		8	(8)	0	0
(Comprehensive expenditure for the year)		(535,136)	15,127	39	(519,970)
Non cash charges - auditors remuneration	4	55	0	0	55
Balance at 31 March 2014		183,158	40,540	2,783	226,481

SOUTHERN HEALTH AND SOCIAL CARE TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	NOTE	2014 £000s	Restated 2013 £000s
Cash flows from operating activities			
Net expenditure after interest		(535,166)	(534,414)
Adjustments for non cash costs		19,971	36,290
Decrease/(Increase) in trade and other receivables		2,627	(3,124)
Decrease/(Increase) in inventories		482	(423)
Increase/(decrease) in trade payables		5,328	(2,803)
<i>Less movements in payables relating to items not passing through the NEA</i>			
Movements in payables relating to the purchase of property, plant and equipment		(3,635)	(1,716)
Use of provisions	16	(5,094)	(2,294)
Net cash outflow from operating activities		(515,487)	(508,484)
Cash flows from investing activities			
Purchase of property, plant & equipment		(39,487)	(22,114)
Proceeds of disposal of property, plant & equipment		46	166
Movement in Short term investment		611	(129)
Movement in long term investment value		(570)	(213)
Net cash outflow from investing activities		(39,400)	(22,290)
Cash flows from financing activities			
Grant in aid		556,900	531,000
Movement in Charitable Trust Funds		69	213
Net financing		556,969	531,213
Net increase in cash & cash equivalents in the period		2,082	439
Cash & cash equivalents at the beginning of the period	13	184	(255)
Cash & cash equivalents at the end of the period	13	2,266	184

The notes on pages 83 to 144 form part of these accounts.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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;
- The cost of the item can be measured reliably; and
- The item has cost of at least £5,000; or

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

- 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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 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 2014

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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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.

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 2014

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 HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

- **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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 -1.90% (negative real rate) for 1 year up to and including 5 years, -0.65% (negative real rate) after year 5 up to 10 years and +2.20% in real terms for 10 years or more (+1.80% 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 on-going activities of the entity.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

1.19 Contingencies

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly. 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.

In addition to contingent liabilities disclosed in accordance with IAS 37, HSC Trusts should disclose for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

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 2014. 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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Retirement Benefit Costs

Past and present employees are covered by the provisions of the HSC Superannuation Scheme.

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.

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.

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 for Resource Accounts purposes as at 31 March 2012 was completed in 2014 and will be used in the 2013/14 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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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.

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.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

1.26 Charitable Trust Account Consolidation

In 2012/13, HM Treasury / DFP agreed a one year extension to the exemption granted by HM Treasury from the FReM consolidation accounting policy which otherwise would have required the HSC Trusts financial statements to consolidate the accounts of controlled charitable organisations and funds held on trust. This exemption no longer applies and as a result the financial performance and funds have been consolidated. The Trust has accounted for these transfers using merger accounting as required by the FReM. Prior year figures have been restated to reflect the change in accounting policy and three Statements of Financial Position have been presented.

It is important to note however the distinction between public funding and the other monies donated by private individuals still exists.

As far as possible, funds have been used by the Trust as intended by the benefactor. It is for the Endowments and Gifts Committee within the Trust to manage the internal disbursements. The committee ensures that the charitable donations received by the Trust are appropriately managed, invested, expended and controlled, in a manner that is, as far as possible, consistent with the purposes for which they were given and with the Trust's Standing Financial Instructions, Departmental guidance and legislation.

1.27 Accounting Standards that have been issued but have not yet been 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 which will bring NI departments under the same adaptation. Should this go ahead, the impact on DHSSPS and its Arm's length bodies is expected to focus around the disclosure requirements under IFRS12.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 2014

NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

<u>Directorate</u>	2014			2013		
	Staff Costs	Other Expenditure	Total Expenditure	Staff Costs	Other Expenditure	Total Expenditure
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	48,423	19,736	68,159	47,248	19,309	66,557
Acute Hospital Services	151,316	64,971	216,287	146,894	64,227	211,121
Older People's Services	64,392	78,948	143,340	63,003	75,243	138,246
Mental Health and Disability Services	51,274	40,409	91,683	51,329	37,698	89,027
Corporate	24,381	9,968	34,349	25,418	6,346	31,764
Expenditure for Reportable Segments net of Non Cash Expenditure	339,786	214,032	553,818	333,892	202,823	536,715
Non Cash Expenditure			19,971			36,290
Total Expenditure per Net Expenditure Account			573,789			573,005
Income Note 5			38,653			38,840
Net Expenditure			535,136			534,165
Revenue Resource Limit			531,979			534,210
(Deficit) / Surplus against RRL			(3,157)			45

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, Chair 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 2014

NOTE 2 (continued) ANALYSIS OF NET EXPENDITURE BY SEGMENT

Acute Directorate

- Cancer and clinical services (includes Laboratory & Radiology Services)
- Surgery and Elective Care
- Medicines 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 at 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 People 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 Resource 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 2014

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.1 Staff Costs

Staff costs comprise:	2014		Total	Restated	2012
	Permanently employed staff	Others		Total	Total
	£000s	£000s	£000s	£000s	£000s
Wages and salaries	281,911	8,597	290,508	285,924	269,565
Social security costs	19,485	0	19,485	18,912	17,851
Other pension costs	30,069	0	30,069	29,185	27,768
Sub-Total	331,465	8,597	340,062	334,021	315,184
Capitalised staff costs	(276)	(0)	(276)	(210)	(0)
Total staff costs reported in Statement of Comprehensive Expenditure	331,189	8,597	339,786	333,811	315,184
Less recoveries in respect of outward secondments			(1,519)	(1,408)	(1,494)
Total net costs			338,267	332,403	313,690
			£000s	£000s	£000s
Southern HSC Trust			338,267	332,403	313,690
Total			338,267	332,403	313,690

Staff Costs exclude £276K charged to capital projects during the year (2013: £210k)

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.

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 for Resource Accounts purposes as at 31 March 2012 was completed in 2014 and will be used in the 2013/14 accounts.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

3.2 Average number of persons employed

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

	2014			Restated	Restated
	Permanently employed staff	Others	Total	2013	2012
	No.	No.	No.	No.	No.
Medical and dental	573	78	651	627	609
Nursing and midwifery	3,155	8	3,163	3,231	3,185
Professions allied to medicine	1,082	6	1,088	1,061	1,017
Ancillaries	706	54	760	815	788
Administrative & clerical	1,649	51	1,700	1,707	1,622
Estates & Maintenance	86	1	87	94	98
Social services	1,103	11	1,114	1,073	1,055
Domiciliary/Homecare Workers	993	0	993	1,069	965
Total average number of persons employed	9,347	209	9,556	9,677	9,339
Less average staff number relating to capitalised staff costs	(6)	0	(6)	(6)	0
Less average staff number in respect of outward secondments	(36)	0	(36)	(49)	(36)
Total net average number of persons employed	9,305	209	9,514	9,622	9,303

Of which:

Southern HSC Trust
Charitable Trust Fund

9,514

0

9,514

The above note has been restated based on paid whole time equivalent persons employed. Previous year figures have been restated on the same basis.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

3.3 Senior Employees' Remuneration

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

3.4 Reporting of Early Retirement and Other Compensation Schemes – Exit Packages

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

3.5 Staff Benefits

There were no staff benefits in 2013/14. (2012/13: £Nil, 2011/12: £Nil).

3.6 Trust Management Costs

	Trust 2014 £000s	Trust 2013 £000s	Trust 2012 £000s
Trust management costs	20,213	20,033	20,045
Income:			
RRL	531,979	534,210	507,534
Income per Note 5	38,653	38,840	36,503
Non cash RRL for movement in clinical negligence provision	(3,710)	(8,518)	(1,394)
Total Income	566,922	564,532	542,643
% of total income	3.6%	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.

3.7 Retirements due to ill-Health

During 2013/14 there were 13 early retirements from the Trust (2012/13: 13), agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £20k (2012/13: £10k). These costs are borne by the HSC Pension Scheme.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 4 OPERATING EXPENSES

	2014			Restated	2013			Restated
	Trust	CTF	Consolidated	Trust	CTF	Consolidated	Consolidated	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Operating Expenses are as follows:-								
Purchase of care from non-HPSS bodies	103,333	0	103,333	94,970	0	94,970	87,185	
Revenue grants to voluntary organisations	5,703	0	5,703	6,572	0	6,572	7,616	
Personal social services	5,757	0	5,757	5,546	0	5,546	5,321	
Recharges from other HSC organisations	1,954	0	1,954	2,537	0	2,537	2,731	
Supplies and services - Clinical	41,860	0	41,860	38,320	0	38,320	36,141	
Supplies and services - General	6,489	0	6,489	6,333	0	6,333	5,220	
Establishment	13,864	0	13,864	11,782	0	11,782	13,605	
Transport	2,721	0	2,721	2,893	0	2,893	1,392	
Premises	22,117	0	22,117	23,122	0	23,122	26,261	
Bad debts	1,516	0	1,516	1,355	0	1,355	241	
Rentals under operating leases	850	0	850	716	0	716	840	
Interest charges	10	0	10	0	0	0	0	
BSO services	2,260	0	2,260	1,916	0	1,916	2,003	
Training	914	0	914	905	0	905	909	
Professional fees	535	26	561	461	28	489	341	
Patients travelling expenses	392	0	392	365	0	365	359	
Costs of exit packages not provided for	178	0	178	0	0	0	1,685	
Costs of exit packages funded	0	0	0	2,095	0	2,095	817	
Other charitable expenditure	0	466	466	0	705	705	785	
Miscellaneous expenditure	3,579	0	3,579	3,016	0	3,016	2,983	

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 4 OPERATING EXPENSES (continued)

	2014			Restated	Restated	Restated	2012
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s	Consolidated £000s
Non cash items							
Depreciation	14,021	0	14,021	12,960	0	12,960	12,958
Amortisation	176	0	176	145	0	145	145
Impairments	2,035	0	2,035	10,435	0	10,435	17,707
(Profit) on disposal of property, plant & equipment (excluding profit on land)	(225)	0	(225)	(16)	0	(16)	(31)
Loss on disposal of property, plant & equipment (including land)	125	0	125	506	0	506	123
Provisions provided for in year	3,981	0	3,981	12,377	0	12,377	1,661
Cost of borrowing of provisions (unwinding of discount on provisions)	(197)	0	(197)	(172)	0	(172)	485
Auditors remuneration	55	7	62	55	7	62	54
Add back of notional charitable expenditure	0	(7)	(7)	0	(7)	(7)	(5)
Total	234,003	492	234,495	239,194	733	239,927	229,532

During the year the Southern HSC Trust purchased £nil (2012/13: £2,575) of non-audit services from its external auditor (NIAO). Prior year expenditure related to the 2012/13 National Fraud Initiative exercise.

The Southern HSC Charitable Trust Funds Auditors remuneration of £6,750 (2013 £6,750) related solely to the audit, with no other additional work undertaken.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 5 INCOME

	2014			2013			2012
	Trust	CTF	Consolidated	Trust	CTF	Consolidated	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
5.1 Income from Activities							
GB/Republic of Ireland Health Authorities	160	0	160	185	0	185	176
HSC Trusts	235	0	235	215	0	215	380
Non-HSC:- Private patients	601	0	601	723	0	723	997
Non-HSC:- Other	1,204	0	1,204	1,775	0	1,775	1,678
Clients contributions	23,730	0	23,730	22,486	0	22,486	20,331
Total	25,930	0	25,930	25,384	0	25,384	23,562
5.2 Other Operating Income							
Other income from non-patient services	8,270	0	8,270	8,916	0	8,916	8,387
Seconded staff	1,519	0	1,519	1,408	0	1,408	1,494
Charitable and other contributions to expenditure by core trust	1,474	0	1,474	1,598	0	1,598	1,733
Donations / Government grant / Lottery funding for non current assets	383	0	383	35	0	35	159
Charitable income received by charitable trust fund	0	369	369	0	383	383	593
Investment income	0	93	93	0	101	101	102
Other Income	1,077	0	1,077	1,499	0	1,499	1,168
Total	12,723	462	13,185	13,456	484	13,940	13,636
5.3 Other income							
Income released from conditional grants	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
TOTAL INCOME	38,653	462	39,115	38,840	484	39,324	37,198

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 6.1 Consolidated Property, Plant & Equipment Year Ended 31 March 2014

	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 2013	37,673	210,169	13,395	4,359	42,868	5,917	16,142	854	331,377
Indexation	0	17,242	1,063	0	914	0	0	14	19,233
Additions	0	15,945	0	11,400	8,551	956	7,785	81	44,718
Donations / Government grant / Lottery funding	0	39	0	0	344	0	0	0	383
Reclassifications	(450)	3,577	0	(4,894)	193	0	0	4	(1,570)
Revaluations	23	(22)	2	(6)	(33)	(3)	(110)	0	(149)
Other Revaluation	0	0	0	(35)	0	0	0	0	(35)
Impairment charged to the SoCNE	0	(2,292)	0	(1,468)	(445)	0	0	(16)	(4,221)
Impairment charged to the revaluation reserve	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to the revaluation reserve	0	(94)	0	0	0	0	0	0	(94)
Reversal of impairments (SoCNE)	0	2,137	99	0	106	0	0	0	2,342
(Disposals)	0	(1,696)	(67)	0	(1,482)	(174)	(71)	(2)	(3,492)
At 31 March 2014	37,246	245,005	14,492	9,356	51,016	6,696	23,746	935	388,492

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 6.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2014

	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 2013	4,978	31,383	1,667	0	26,382	3,072	6,730	643	74,855
Indexation	0	3,165	167	0	666	0	0	11	4,009
Reclassifications	(28)	(119)	0	0	0	0	0	0	(147)
Revaluation	0	3	0	0	(43)	1	(79)	1	(117)
Other Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(6)	0	0	(7)	0	0	(1)	(14)
Impairment charged to the revaluation reserve (Disposals)	0	0	0	0	0	0	0	0	0
	0	(86)	(5)	0	(1,209)	(174)	(125)	(1)	(1,600)
Provided during the year	0	7,140	356	0	3,094	647	2,717	67	14,021
At 31 March 2014	4,950	41,480	2,185	0	28,883	3,546	9,243	720	91,007
Carrying Amount									
At 31 March 2014	32,296	203,525	12,307	9,356	22,133	3,150	14,503	215	297,485
At 31 March 2013	32,695	178,786	11,728	4,359	16,486	2,845	9,412	211	256,522

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 6.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2014

	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	32,296	203,525	12,307	9,356	22,133	3,150	14,503	215	297,485
Carrying Amount									
At 31 March 2014	32,296	203,525	12,307	9,356	22,133	3,150	14,503	215	297,485
Of which:									
Southern HSC Trust				297,485					
Charitable trust fund				0					

Any fall in value through negative 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 (2012/13: £Nil)

There were £383k of assets funded by Donations/Government Grant or Lottery Funding during the year (2012/13: £35k)

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

	2014 £000s	2013 £000s
Donations	383	35
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 2014

NOTE 6.2 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 funding	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)
Impairment 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)
(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 2014

NOTE 6.2 (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
Impairment charged to the SoCNE	(555)	(930)	(48)	0	(1)	0	0	0	(1,534)
(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 1 April 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 2014

NOTE 6.2 (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
Asset financing									
Owned	36,128	179,290	12,520	6,243	17,172	2,816	7,098	240	261,507
Carrying Amount At 1 April 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 2014

NOTE 6.2 (continued) Property, Plant & Equipment - year ended 31 March 2013

Carrying amount comprises:

	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
Southern HSC Trust at 31 March 2014	32,296	203,525	12,307	9,356	22,133	3,150	14,503	215	297,485
Southern HSC Trust charitable trust fund at 31 March 2014	0	0	0	0	0	0	0	0	0
	32,296	203,525	12,307	9,356	22,133	3,150	14,503	215	297,485
Southern HSC Trust at 31 March 2013	32,695	178,786	11,728	4,359	16,486	2,845	9,412	211	256,522
Southern HSC Trust charitable trust fund at 31 March 2013	0	0	0	0	0	0	0	0	0
	32,695	178,786	11,728	4,359	16,486	2,845	9,412	211	256,522
Southern HSC Trust at 31 March 2012	36,128	179,290	12,520	6,243	17,172	2,816	7,098	240	261,507
Southern HSC Trust charitable trust fund at 31 March 2012	0	0	0	0	0	0	0	0	0
	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 2014

NOTE 7.1 Consolidated Intangible Assets Year Ended 31 March 2014

	Software Licenses	Software	Total
	£000s	£000s	£000s
Cost or Valuation			
At 1 April 2013	1,399	0	1,399
Indexation	0	0	0
Additions	0	0	0
Donations / Government grant / Lottery funding	0	0	0
Disposals	0	0	0
	<hr/>	<hr/>	<hr/>
At 31 March 2014	1,399	0	1,399
Amortisation			
At 1 April 2013	1,009	0	1,009
Reclassifications	0	0	0
Disposals	0	0	0
Provided during the year	176	0	176
	<hr/>	<hr/>	<hr/>
At 31 March 2014	1,185	0	1,185
Carrying Amount			
At 31 March 2014	<hr/> 214	<hr/> 0	<hr/> 214
At 31 March 2013	<hr/> 390	<hr/> 0	<hr/> 390
Asset financing			
Owned	214	0	214
Carrying Amount			
At 31 March 2014	<hr/> 214	<hr/> 0	<hr/> 214

There were no assets funded by Donations/Government Grant or Lottery Funding during the year (2012/13: £Nil).

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 7.2 Consolidated Intangible Assets Year Ended 31 March 2013

	Software Licenses £000s	Software £000s	Total £000s
Cost or Valuation			
At 1 April 2012	1,399	0	1,399
Additions	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
Disposals	0	0	0
Provided during the year	145	0	145
At 31 March 2013	1,009	0	1,009
Carrying Amount			
At 31 March 2013	390	0	390
At 1 April 2012	535	0	535
Asset financing			
Owned	390	0	390
Carrying Amount			
At 31 March 2013	390	0	390
Asset financing			
Owned	535	0	535
Carrying Amount			
At 1 April 2012	535	0	535

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 7.2 (continued) Consolidated Intangible Assets Year Ended 31 March 2013

Carrying amount comprises:

	Software Licenses £000s	Software £000s	Total £000s
Southern HSC Trust at 31 March 2014	214	0	214
Southern HSC Trust charitable trust fund at 31 March 2014	0	0	0
	214	0	214
Southern HSC Trust at 31 March 2013	390	0	390
Southern HSC Trust charitable trust fund at 31 March 2013	0	0	0
	390	0	390
Southern HSC Trust at 31 March 2012	535	0	535
Southern HSC Trust charitable trust fund at 31 March 2012	0	0	0
	535	0	535

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 8 FINANCIAL INSTRUMENTS

NOTE 8 FINANCIAL INSTRUMENTS

	2014			2013			2012		
	Investments £000s	Assets £000s	Liabilities £000s	Investments £000s	Assets £000s	Liabilities £000s	Investments £000s	Assets £000s	Liabilities £000s
Balance at 1 April	2,109	711	0	1,896	582	0	1,938	1,010	0
Additions	500	4	0	0	129	0	0	0	0
Withdrawals	0	(615)	0	0	0	0	0	(428)	0
Revaluations	69	0	0	213	0	0	(42)	0	0
Balance at 31 March	2,678	100	0	2,109	711	0	1,896	582	0
Trust	0	0	0	0	0	0	0	0	0
Charitable trust fund	2,678	100	0	2,109	711	0	1,896	582	0
	2,678	100	0	2,109	711	0	1,896	582	0

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 8 FINANCIAL INSTRUMENTS

NOTE 8.1 Market value of investments as at 31 March 2014

	Held in UK £000s	Held outside UK £000s	2014 Total £000s	2013 Total £000s
Investments in a Common Deposit Fund or Investment Fund	2,678	0	2,678	2,109
Total market value of fixed asset investments	2,678	0	2,678	2,109

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

	Land			Buildings			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost									
At 1 April	0	0	0	0	0	0	0	0	0
Transfers in	0	0	0	1,570	0	0	1,570	0	0
Impairment	0	0	0	(88)	0	0	(88)	0	0
At 31 March	0	0	0	1,482	0	0	1,482	0	0
Depreciation									
At 1 April	0	0	0	0	0	0	0	0	0
Transfers in	0	0	0	147	0	0	147	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	50	0	0	50	0	0
At 31 March	0	0	0	197	0	0	197	0	0
Carrying amount at 31 March	0	0	0	1,285	0	0	1,285	0	0

Non current assets held for sale comprise non current assets that are held for resale rather than for continuing use within the business

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 10 IMPAIRMENTS

	2014		
	Property, Plant & Equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	2,097	0	2,097
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(62)	0	(62)
Impairments charged to Statement of Comprehensive Net Expenditure	2,035	0	2,035
	2013		
	Property, Plant & Equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	16,352	0	16,352
Impairments 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	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	19,500	0	19,500
Impairments 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

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 11 INVENTORIES

Classification	2014			2013			Restated 2012
	Trust	CTF	Consolidated	Trust	CTF	Consolidated	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Pharmacy supplies	1,625	0	1,625	1,563	0	1,563	1,468
Building & engineering supplies	73	0	73	96	0	96	63
Fuel	395	0	395	428	0	428	484
Community care appliances	218	0	218	327	0	327	355
Laboratory materials	157	0	157	131	0	131	118
Stationery	6	0	6	10	0	10	8
Laundry	61	0	61	102	0	102	73
Other	525	0	525	885	0	885	550
Total	3,060	0	3,060	3,542	0	3,542	3,119

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2014			2013			2012
	Trust	CTF	Consolidation Adjustments	Consolidated	Trust	CTF	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Amounts falling due within one year							
Trade receivables	11,333	0	(47)	11,286	14,901	0	14,901
VAT receivable	4,336	0	0	4,336	3,609	18	3,627
Other receivables - not relating to fixed assets	120	59	0	179	289	30	319
Trade and other receivables	15,789	59	(47)	15,801	18,799	48	18,847
Prepayments and accrued income	2,997	0	(52)	2,945	2,238	0	2,238
Other current assets	2,997	0	(52)	2,945	2,238	0	2,238

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 12 (continued) TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2014			2013			2012	
	Trust £000s	CTF £000s	Consolidation Adjustments £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s	Consolidated £000s
Amounts falling due after more than one year								
Trade receivables	1,062	0	0	1,062	1,350	0	1,350	1,403
Trade and other receivables	1,062	0	0	1,062	1,350	0	1,350	1,403
TOTAL TRADE AND OTHER RECEIVABLES	16,851	59	(47)	16,863	20,149	48	20,197	18,820
TOTAL OTHER CURRENT ASSETS	2,997	0	(52)	2,945	2,238	0	2,238	491
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	19,848	59	(99)	19,808	22,387	48	22,435	19,311

The balances are net of a provision for bad debts of £5,522k (2013: £4,050k, 2012: £2,952k)

The Southern HSC Trust did not have any intangible current assets at 31 March 2014, 31 March 2013 or at 31 March 2012.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 12.1 TRADE RECEIVABLES AND OTHER CURRENT ASSETS: INTRA-GOVERNMENTAL BALANCES

	Amounts falling due within 1 year 2013/14	Amounts falling due within 1 year 2012/13	Amounts falling due within 1 year 2011/12	Amounts falling due after more than 1 year 2013/14	Amounts falling due after more than 1 year 2012/13	Amounts falling due after more than 1 year 2011/12
	£000s	£000s	£000s	£000s	£000s	£000s
Balances with other central government bodies	6,752	7,185	2,079	1,062	1,323	1,403
Balances with local authorities	9	15	7	0	0	0
Balances with NHS /HSC Trusts	1,059	923	726	0	0	0
Balances with public corporations and trading funds	7	0	0	0	0	0
Intra-government balances	7,827	8,123	2,812	1,062	1,323	1,403
Balances with bodies external to government	10,919	12,962	15,096	0	27	0
Total receivables and other current assets at 31 March	18,746	21,085	17,908	1,062	1,350	1,403

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 13 CASH AND CASH EQUIVALENTS

	Core Trust £000s	2014 CTF £000s	Consolidated £000s	Restated Core Trust £000s	Restated 2013 CTF £000s	Restated Consolidated £000s	Restated 2012 Consolidated £000s
Balance at 1st April	96	88	184	(593)	338	(255)	839
Net change in cash and cash equivalents	2,072	10	2,082	689	(250)	439	(1,094)
Balance at 31st March	2,168	98	2,266	96	88	184	(255)

The following balances at 31 March were held at

	Core Trust £000s	2014 CTF £000s	Consolidated £000s	Core Trust £000s	2013 CTF £000s	Consolidated £000s	2012 Consolidated £000s
Commercial banks and cash in hand	2,168	98	2,266	96	88	184	(255)
Balance at 31st March	2,168	98	2,266	96	88	184	(255)

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2014				Restated 2013		Restated 2012	
	Trust £000s	CTF £000s	Consolidation Adjustments £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s	Consolidated £000s
Amounts falling due within one year								
Other taxation and social security	10,516	0	0	10,516	10,665	0	10,665	10,690
Trade capital payables - property, plant and equipment	19,075	0	0	19,075	15,440	0	15,440	13,724
Trade revenue payables	16,299	0	0	16,299	16,248	0	16,248	16,314
Payroll payables	15,023	0	0	15,023	13,396	0	13,396	14,329
VER payables	1,146	0	0	1,146	1,046	0	1,046	539
BSO payables	2,193	0	0	2,193	3,396	0	3,396	1,873
Other payables	1,422	152	(99)	1,475	1,280	212	1,492	5,134
Accruals and deferred income	4,423	0	0	4,423	3,139	0	3,139	5,022
Trade and other payables	70,097	152	(99)	70,150	64,610	212	64,822	67,625

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 14.1 TRADE PAYABLES AND OTHER CURRENT LIABILITIES – INTRA-GOVERNMENT BALANCES

	Amounts falling due within 1 year 2013/14	Amounts falling due within 1 year 2012/13	Amounts falling due within 1 year 2011/12	Amounts falling due after more than 1 year 2013/14	Amounts falling due after more than 1 year 2012/13	Amounts falling due after more than 1 year 2011/12
	£000s	£000s	£000s	£000s	£000s	£000s
Balances with other central government bodies	27,546	18,151	17,674	0	0	0
Balances with local authorities	0	5	32	0	0	0
Balances with NHS /HSC Trusts	2,044	1,290	2,082	0	0	0
Intra-government balances	29,590	19,446	19,788	0	0	0
Balances with bodies external to government	40,560	45,376	47,837	0	0	0
Total payables and other liabilities at 31 March	70,150	64,822	67,625	0	0	0

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 14.2 Loans

The Southern HSC Trust did not have any loans payable at 31 March 2014, 31 March 2013 and at 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 2014

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES – 2014

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2014
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2013	268	4,082	22,204	0	5,021	31,575
Provided in year	4	15	5,017	0	678	5,714
(Provisions not required written back)	0	0	(1,046)	0	(687)	(1,733)
(Provisions utilised in the year)	(14)	(218)	(4,410)	0	(452)	(5,094)
Cost of borrowing (unwinding of discount)	4	70	(261)	0	(10)	(197)
At 31 March 2014	262	3,949	21,504	0	4,550	30,265

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 16 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2014

Comprehensive Net Expenditure Account charges	2014 £000s	2013 £'000
Arising during the year	5,714	14,854
Reversed unused	(1,733)	(2,477)
Cost of borrowing (unwinding of discount)	(197)	(172)
Total charge within Operating expenses	3,784	12,205

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	2014 £000s
Not later than one year	14	222	4,299	0	1,594	6,129
Later than one year and not later than five years	60	930	7,442	0	1,976	10,408
Later than five years	188	2,797	9,763	0	980	13,728
At 31 March 2014	262	3,949	21,504	0	4,550	30,265

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 16 (continued) 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 (unwinding of discount)	5	73	(229)	0	(21)	(172)
At 31 March 2013	268	4,082	22,204	0	5,021	31,575

Provisions have been made for 7 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement, Injury Benefit, Employment Law, Agenda for Change 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 2014

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

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 2014

NOTE 17 CAPITAL COMMITMENTS

	2014 £000s	2013 £000s	2012 £000s
Contracted capital commitments at 31 March not otherwise included in these financial statements			
Property, Plant & Equipment	29,263	15,946	5,383
	<u>29,263</u>	<u>15,946</u>	<u>5,383</u>

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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.

Obligations under operating leases comprise	2014 £000s	2013 £000s	2012 £000s
Land & Buildings			
Not later than 1 year	0	27	25
	0	27	25
Other			
Not later than 1 year	757	717	722
Later than 1 year and not later than 5 years	2,445	2,571	2,552
Later than 5 years	0	426	1,022
	3,202	3,714	4,296

Note 18.2 Finance Leases

The Southern HSC Trust did not have any finance leases at 31 March 2014, at 31 March 2013 or at 31 March 2012.

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:

	2014 £000s	2013 £000s	2012 £000s
Land and Buildings			
Not later than 1 year	66	62	9
Later than 1 year and not later than 5 years	83	75	124
Later than 5 years	153	170	184
	302	307	317

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 arrangement 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

As the Trust has no commitments there is no charge to the Statement of Comprehensive Net Expenditure account .

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 20 OTHER FINANCIAL COMMITMENTS

The Southern HSC Trust did not have any other financial commitments at either 31 March 2014, 31 March 2013 or 31 March 2012.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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. 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.

The Southern HSC Trust has not entered into any quantifiable guarantees, indemnities or provided letters of comfort, at either 31 March 2014, 31 March 2013 or 31 March 2012.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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.

Contingent Liabilities

	2014 £000s	2013 £000s	2012 £000s
Clinical negligence	2,317	1,752	1,330
Restructuring	0	0	873
Total	2,317	1,752	2,203

There are a number of active employment 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 2014

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 £531,979k (2013: £534,210k) of which the Non Cash Revenue Resource Limit is £19,971k (2013: £36,290k)

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 £25,073.62 in respect of Social Service clients and £81,000.87 was received by the Trust in respect of salary recharges for joint projects. The total number of transactions was 125 and the balance owed to the Trust at year end was £17,266.65.

School Governor of Royal School, Armagh. The value of transactions between related parties was £1,025.00 (8 transactions) in respect of Social Service clients. Balance outstanding at year end: £Nil.

Mr Edwin Graham, Advisor of Enable NI. The value of payments made by the Trust was £152,724.17 (31 transactions) in respect of grant payments for respite services and day care. Balance outstanding at year end: £Nil.

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 £4,148,508.50 (520 transactions) in respect of Domiciliary Care Provision. The balance outstanding at year end: £334,584.62.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 24 THIRD PARTY ASSETS

The Southern HSC Trust held £6,659k cash at bank and in hand at 31 March 2014 (31 March 2013: £6,053k) 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 2014

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:

	2014 Total £000s	2013 Total £000s	2012 Total £000s
HSCB	500,874	486,860	463,427
PHA	4,950	4,650	3,858
SUMDE & NIMDTA	6,567	6,445	6,420
Non cash RRL (from DHSSPS)	19,971	36,290	33,988
Total agreed RRL	<u>532,362</u>	<u>534,245</u>	<u>507,693</u>
Adjustment for income received re Donations / Government grant / Lottery funding for non current assets	(383)	(35)	(159)
Total Revenue Resource Limit to Statement Comprehensive Net Expenditure	<u>531,979</u>	<u>534,210</u>	<u>507,534</u>

25.2 Capital Resource Limit

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

	2014 Total £000s	2013 Total £000s	2012 Total £000s
Gross capital expenditure	44,718	23,854	20,524
Prepayment for Capital Scheme	0	1,300	0
(Receipts from sales of fixed assets)	(46)	(167)	(41)
Net capital expenditure	<u>44,672</u>	<u>24,987</u>	<u>20,483</u>
Capital Resource Limit	<u>45,482</u>	<u>26,789</u>	<u>20,650</u>
Underspend against CRL	<u>(810)</u>	<u>(1,802)</u>	<u>(167)</u>

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 25 FINANCIAL PERFORMANCE TARGETS

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 the Revenue Resource Limit.

	2013/14 £000s	2012/13 £000s	2011/12 £000s
Net Expenditure	(535,136)	(534,165)	(507,403)
RRL	531,979	534,210	507,534
(Deficit) against RRL	(3,157)	45	131
Break Even cumulative position(opening)	1,019	974	843
Break Even cumulative position (closing)	<u>(2,138)</u>	<u>1,019</u>	<u>974</u>

Materiality Test:

	2013/14 %	2012/13 %	2011/12 %
Break Even in year position as % of RRL	<u>(0.59)%</u>	<u>0.01%</u>	<u>0.03%</u>
Break Even cumulative position as % of RRL	<u>(0.40)%</u>	<u>0.19%</u>	<u>0.19%</u>

The Trust failed to achieve its duty to breakeven in 2013/14 and incurred an overspend of £3.16m. In commencing the financial year the Trust was aware that the combination of required efficiency savings and mounting cost pressures would present a very significant challenge. Early indications confirmed the suspicion that the bed reduction opportunities anticipated were overly ambitious in light of the actual growth in the local population and the nature of the bed distribution between the two main acute sites. The impact of both population growth and changes in clinical standards also had a significant impact on costs, clinical staffing levels in the acute sector had to be increased in order to address capacity and safety issues, the local demand for domiciliary care services increased at a much greater rate than the regional population data had projected and the Trust had a continued need to invest in environmental improvements such as water safety. These concerns were reported to HSCB colleagues in May 2013 and a revised estimate of income and expenditure at that stage showed the potential for an overspend of £13.5m. The Trust and the HSCB then implemented a 'recovery' programme involving both additional contingency measures and additional but non-recurrent income. The position was closely monitored throughout the year and the closing overspend is in line with that expected by both the Board and the HSCB.

As the Trust has a projected overspend for the financial year 2014/15, it is unclear when the cumulative reported overspend will be recovered.

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 26 LOSSES & SPECIAL PAYMENTS

Type of Loss and Special Payment	2013/14		2012/13	2011/12
	CASES	£	£	£
Cash Losses				
Cash Losses – Theft, fraud etc.	0	0	0	26
Cash Losses – Overpayments of salaries, wages and allowances	0	0	961	0
Cash Losses – Other causes	9	180	305	0
	9	180	1,266	26
Administrative write-offs				
Bad debts	234	44,554	81,678	289,857
	234	44,554	81,678	289,857
Fruitless payments				
Late Payment of Commercial Debt	3	9,167	0	0
Other Fruitless payments and constructive losses	3	344,742	0	15,840
	6	353,909	0	15,840
Stores Losses				
Losses of accountable stores through any deliberate act	0	0	51	0
Other stores losses	58	28,051	34,302	97,212
	58	28,051	34,353	97,212
Special Payments				
Compensation payments				
- Clinical Negligence	78	4,410,217	1,433,888	5,741,915
- Public Liability	17	102,005	34,285	152,667
- Employers Liability	32	269,610	495,648	260,296
	127	4,781,832	1,963,821	6,154,878
Ex-gratia payments	3	745	4,078	9,269
TOTAL	437	5,209,271	2,085,196	6,567,082

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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 (2013: £Nil, 2012: £Nil).

NOTE 26.2 Other Payments

The Southern HSC Trust did not make any other payments during the financial year (2013: £Nil, 2012: £Nil).

NOTE 26.3 Losses and Special Payments over £250,000

Losses and Special Payments over £250,000	Number of Cases	2013/14 £	2012/13 £	2011/12 £
Special Payments Clinical Negligence Cases	4	3,084,994	0	4,152,758
TOTAL	4	3,084,994	0	4,152,758

SOUTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

NOTE 27 POST BALANCE SHEET EVENTS

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

DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 30 June 2014.

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

YEAR ENDED 31 MARCH 2014

SOUTHERN HSC TRUST

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2014

**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 2014 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 audit, certify and report on the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972. 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 Auditing Practices Board'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 2014 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.

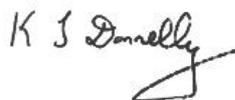
Matters on which I report by exception

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*

30 June 2014

SOUTHERN HSC TRUST

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2014

Previous Year	<u>RECEIPTS</u>			
£		Balance at 1 April 2013	£	£
3,412,511	1.	Investments (at cost)	4,761,062	
1,759,187	2.	Cash at Bank	1,285,295	
4,414	3.	Cash in Hand	<u>6,839</u>	6,053,196
5,176,112				
2,414,085		Amounts Received in the Year	2,672,749	
72,250		Interest Received	<u>46,809</u>	
<u>7,662,447</u>	TOTAL			<u>2,719,558</u> <u>8,772,754</u>

<u>PAYMENTS</u>				
1,609,251		Amounts paid to or on Behalf of Patients/Residents		2,113,463
		Balance at 31 March 2014		
4,761,062	1.	Investments (at Cost)	5,794,912	
1,285,295	2.	Cash in Bank	860,443	
6,839	3.	Cash in Hand	<u>3,936</u>	
6,053,196				6,659,291
<u>7,662,447</u>	TOTAL			<u>8,772,754</u>

Cost Price	Schedule of investments held at 31 March 2014	Nominal Value	Cost Price
£		£	£
4,761,062	Bank of Ireland	5,794,912	5,794,912

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

12 June 2014

Date

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



Chief Executive

12 June 2014

Date

ISBN Number

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