

**SOUTHERN HEALTH AND SOCIAL CARE TRUST**  
**ANNUAL REPORT & ACCOUNTS**  
**FOR YEAR ENDED 31 MARCH 2016**

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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, (formerly known as the Department of Health, Social Services and Public Safety)

on

26<sup>th</sup> August 2016

# SOUTHERN HEALTH AND SOCIAL CARE TRUST

## ANNUAL REPORT & ACCOUNTS FOR YEAR ENDED

31 MARCH 2016

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## **SOUTHERN HSC TRUST**

### **ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **FOREWORD**

These accounts for the year ended 31 March 2016 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 3861 3954.

#### **DIFFERENT FORMATS**

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## **SOUTHERN HSC TRUST**

### **PERFORMANCE REPORT**

#### **OVERVIEW**

##### **Message from Chair and Interim Chief Executive**

All of us who work in health and social care are very much aware that the pace of change, and increasing demand for our services, continues to present significant challenges to those responsible for delivering care.

As we reflect on yet another busy year, it is only right that we acknowledge the efforts of the over 14,000 staff who are engaged in health and social care in this area.

There are over 369,000 people living in the Southern Trust area – and virtually everyone who lives here will come into contact with our staff at some point during the year.

It might be in hospital, through care at home, in day care, being supported by mental health services – it might be for a few minutes, it might be for weeks or months - but no matter where, or for how long, what every member of staff brings to the service is vital to our success.

There is no doubt that once again our staff have risen to the challenges we face – and have not only met those challenges, but have demonstrated on a regional and national level, that the work we do here is amongst the best in the UK.

We are proud to once again have this opportunity to report on the many achievements across the Trust this year, to acknowledge the challenges we face and to look forward to a changing health and social care environment that will, no doubt, present many opportunities for development in the year ahead.

Any visitor to our acute hospital sites at Daisy Hill in Newry and Craigavon Area Hospital will notice how much development work is going on at both sites.

Our plans to modernise hospital services for children and young people are now well underway, with major construction work on both sites. The Department of Health has supported our plans with an investment of £14.5m on a new, dedicated children's surgical centre at Daisy Hill and a new children's centre on the Craigavon site.

We have also celebrated the official opening of the Banbridge Health and Care Centre and Day Care Facility, by Health Minister, Simon Hamilton. It's a fabulous new building, providing a wonderful environment for adults with a learning and physical disability and a range of health and social care services for the local community.

Staff, patients and visitors to Craigavon Hospital have been very tolerant while we carried out some essential maintenance work in the wards. It was a huge effort from everyone to complete the work in such a short time, so great credit must go to all those involved in improving the ward environments for the benefit of our patients.

Our Learning Disability Crisis Response team, the first of its kind in Northern Ireland, has been recognised nationally as an example of positive practice, and is now a model for the development of services elsewhere in Northern Ireland.

The Trust's 'Acute Care at Home' service is now offering hospital care to older people either in their own house or nursing/residential home and has been getting well deserved national recognition for this excellent initiative. Our Quality Improvement Day in October showcased this service and so much more that the Trust does well and was a credit to all who took part.

Many of our staff have been recognised both regionally and nationally for their work and we are very proud of their achievements, all of which contribute to ensuring we deliver excellent care. Two highlights have been the award for UK Radiography Team of the Year and the multi -award winning project to raise awareness of the signs and symptoms of lung cancer – there are too many winners to personally acknowledge here but you will see examples of ground-breaking work elsewhere in the report.

We continue to work closely with our partners outside the Trust. The Councils in the Southern Trust area have reduced from five to three – Armagh, Banbridge and Craigavon; Mid-Ulster and Newry, Mourne and Down. While there are some new faces, our working relationships remain strong and we continue to liaise closely with our colleagues on improving the health and well-being of our population.

Our staff have chosen to support Marie Curie as Charity of the Year. The enthusiastic response of our staff is a reflection of their generosity and their commitment to others – we look forward to the Southern Trust 'Strictly Come Dancing' event later this year.

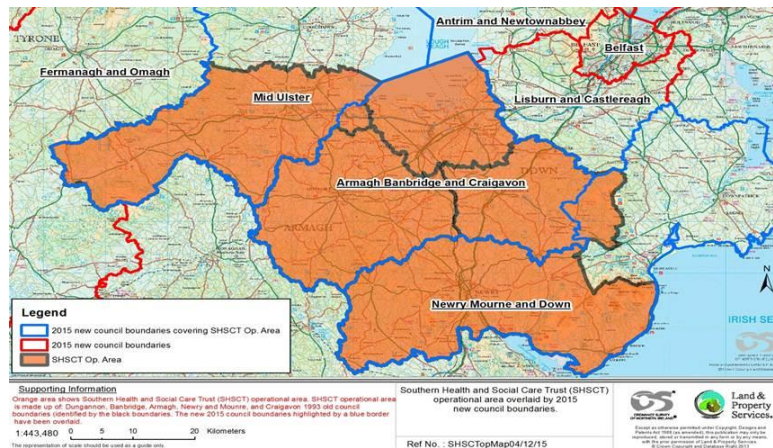
Next year will bring many challenges - a changing political environment, increasing patient and client numbers, financial pressures and a growing population in the Southern Trust.

It is critical to our future success that we have the skills, expertise and a quality infrastructure to support the high level of care we want to deliver – we remain committed to driving forward improvement, investing in our staff, continually enhancing the experience of the population we serve and being recognised as a high performing Trust.

## About the Trust

The Southern Health and Social Care Trust was formed on 1 April 2007 following the Review of Public Administration.

## Location and type of facilities provided



The Trust provides integrated health and social care services to the council areas of Armagh, Banbridge and Craigavon; Mid-Ulster and Newry, Mourne and Down.

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
0-14	79,208
15-64	221,033
65+	69,150
<b>Total Population</b>	<b>369,391</b>

## Key Financial Facts

In 2015/16 the Trust incurred gross expenditure of £615m. The Trust employs around 9,893 (whole time equivalent) staff and manages an estate worth £304m.

## Our Vision

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

## **Our Values**

We will:

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



## A year across the Southern Health and Social Care Trust

### April

- The final phase of a major £15.5 million redevelopment of the main theatres at Craigavon Area Hospital was completed. Work began on the ambitious projects in May 2011 and completion of this final phase means that the hospital's main theatre department meets the highest modern quality standards.
- Two new theatres were constructed as part of the scheme which also included the refurbishment of existing theatres.



### May

- Trainee anaesthetists from the Southern Health and Social Care Trust scooped the top three places in the prestigious Dundee Medal competition organised by the Northern Ireland Society of Anaesthetists.
- Two Anaesthetic Registrars based at Craigavon Area Hospital, Dr Stephen Cullen and Dr Alison Blair, came joint first place whilst Staff Grade, Dr Jill Cochrane, who works at Daisy Hill Hospital, took second prize at the annual awards in memory of Professor John W. Dundee OBE.



### June

- The Craigavon Area Hospital team of physiotherapists was the first in the UK to introduce ground breaking aquatic therapy to treat critically ill patients.
- One patient who took part in the pioneering treatment was 27 year old Gareth Galway who, due to Guillain-Barré Syndrome, had complete paralysis and respiratory failure. Following seven weeks in Intensive Care, Gareth benefitted from aquatic therapy, improving his mobility and



assisting greatly in his recovery.



- Following a successful fundraising partnership with the Southern Area Hospice, this year staff nominated Marie Curie as the Trust's Charity of the Year. The enthusiasm and generosity of staff is already evident, with thousands of pounds already raised.

## August

- The Southern Trust's Learning Disability Crisis Response Team received national recognition as an example of Positive Practice in the 'Strengthening the Commitment: Living the Commitment' National Report. This Crisis Response Service is the first of its kind in Northern Ireland and helps adults with learning disabilities avoid a hospital admission in a time of difficulty. It has also been identified by the Health and Social Care Board as a model upon which similar services are to be established regionally.



## September

- We introduced a new web based system to help improve the way information from the Endoscopy Service is recorded. Prior to this around 80 staff and 300 patients across Daisy Hill, Craigavon and South Tyrone Hospitals had to complete paper surveys each year which had to be manually collated and summarised. The new electronic solution is much easier and more convenient to complete and the anonymous feedback is immediately submitted and automatically summarised.



## October

- Our consultant-led 'Acute Care at Home' service began offering hospital care to older people either in their own house or nursing/residential home. In its first year, the pilot service has prevented around 400 hospital admissions and has supported a much earlier discharge for about 100 people.



## November

- Radiology staff at Daisy Hill Hospital welcomed a major upgrade to their department. The £485,000 investment in digital technology follows an initial upgrade in 2014 so the entire department is now operating from a digital platform, as part of on-going modernisation of our hospital services.



## December



- Daisy Hill was the first hospital in Northern Ireland to trial a new baby heart screening test. The paediatric team worked closely with their maternity colleagues to introduce a routine oxygen saturation test for all new babies before they are discharged home.

## January

- On Monday 25 January 2016, the new £16 million Health and Care Centre and Day Care facility in Banbridge officially opened for business.
- The new centre, which includes the Linenbridge Day Care Centre for clients with physical and learning disabilities, is conveniently based beside local GP practices on the Health Village site. It brings three previous facilities together into a modern, purpose-designed centre, providing a superb environment for a wide range of patients and clients.



## February

- Construction got underway on the £14.5 million plan approved by the Department of Health, to modernise hospital services for children and young people across the Trust. The development will see all planned paediatric surgery for the Trust centralised to a new £7.9m paediatric centre at Daisy Hill and a further £6.6m used to build a new paediatric centre on the Craigavon Area Hospital site.



## March

- We are now smoke free. Since 9 March, 2016, smoking and the use of e-cigarettes is no longer permitted on any of the Trust sites (i.e. entrances, doorways, walkways, buildings, internal roads, bus shelters, car parks, cars, bicycle shelters etc.) The new policy applies to all staff and volunteers, patients, visitors, contractors and anyone who enters the Trust's hospitals, buildings and grounds.



Keers from Dromore shared his experience of the service, and was profiled on BBC Newsline.

- Also in March, the Trust hosted the launch of a new regional service to improve the treatment of people with cancer . Consultant in Respiratory Medicine, Dr Rory Convery, explained how the Acute Oncology Service improves patient safety and the overall care for people with cancer.

- One of our patients, Mr Samuel

- The finale to our year saw Health Minister Simon Hamilton MLA move the Helicopter Emergency Medical Service (HEMS) and the major trauma network a step closer to implementation.
- The Minister, during a visit to Craigavon Area Hospital, announced the key findings of the HEMS consultation including the management and funding models, home base location, target patient groups and collaboration with other services.



### **Staff Highlights 2015/16**

One of our most important resources here at the Southern Trust is our staff and in 2015/16 it was great to see the following receive national recognition:

Angela Gemmell, Lead Physiotherapist currently working in Care of the Elderly Wards at Lurgan Hospital, picked up a Chartered Society of Physiotherapy (CSP) Excellence Award at the CSP's Annual Awards, for demonstrating patient involvement. Every year the CSP Awards recognise excellence and best practice throughout the physiotherapy profession and across the whole membership.



Donna McLoughlin, a midwife based at Daisy Hill Newry, has been honoured as the Emma's Diary Mums' Midwife of the Year 2016 for Northern Ireland. Donna was nominated by Aine Cunningham, a local mum and a midwife herself. The award is one of The Royal College of Midwives (RCM) Annual Midwifery Awards, recognising the work done by midwives across the country.



Two Biomedical Scientists from the Southern Health and Social Care Trust have recently gained their Higher Specialist Examination, a professional qualification from the Institute of Biomedical Science.



Mairead Caraher who specialises in Haematology and Graham Scott, in Transfusion Science, are the only two to hold this award in their respective fields in Northern Ireland.

A number of our staff were recognised at the prestigious Institute of Health Care Management Awards.

Consultant Geriatrician Dr Patricia McCaffrey won the Medical Leader of the Year and Kay Carroll, Head of Service for Cardiology, was awarded with Manager of the Year.



Head of Physiotherapy Teresa Ross, was shortlisted in the Allied Health Professional Manager of the Year category; the Rapid Access Respiratory Clinic was shortlisted for the Regional Excellence and Quality Award; Speech and Language Therapy Manager, Vivienne Williamson and Information Communications Technology Training Manager, Anna-Marie McCreanor, were both shortlisted in the Manager of the Year category.

Allied Health Professionals from the Southern Health and Social Care Trust have been recognised amongst the best in Northern Ireland at the 2016 Advancing Healthcare Awards.

The Macmillan Award for Rethinking the Patient Pathway and overall Award Winner at the prestigious event went to Craigavon Area Hospital Radiographers Janet Eagle and Helena Kincaid for their redesign of the diagnosis and treatment of fertility problems in women.

Dietitians were finalists in two categories: Head of Nutrition and Dietetics, Mandy Gilmore, and Community Dietitian, Elizabeth O'Connor, for developing the 'Health Call Under Nutrition Service' which is a remote monitoring service for adults at risk of malnutrition in care homes, and Specialist Dietitians, Vanessa McMinn and Wendy Murray, for the X-PERT group patient education programme for people with Type 2 Diabetes.

Physiotherapist Cathy McKeown was recognised as a finalist for developing a Falls Pathway alongside Northern Ireland Ambulance Service colleagues. Dietitian, Elizabeth O'Connor, and Physiotherapist, Annette Kearney, alongside midwifery colleagues contributed to a Regional project 'Weigh to a Healthy Pregnancy' which was shortlisted.

Tara Davison, Peripetetic Assessor and Julie Mullen, Physiotherapy Support Worker, were finalists for their work in developing the Allied Health Professional (AHP) workforce.

Special Recognition as a 'Rising Star' was also given to Senior Occupational Therapist, Melanie Sheenan, who works at the Memory Centre helping people living with dementia.

Congratulations also go to Learning Disability Epilepsy Nurse Specialist Sandra Wylie, Epilepsy Nurse Clare McCooe and Daytime Opportunities Worker Linda Daly who scooped the Epilepsy Award at this year's Northern Ireland Healthcare Awards.



## **PERFORMANCE ANALYSIS 2015/16**

### **Achievement of Ministerial priorities**

In 2015/2016 the Minister directed a number of targets for all Trusts to work towards. The targets cover all aspects of planning and delivering health and social care. The Trust has in place senior clinical and management oversight to regularly monitor progress against these and other standards that are set by our commissioner.

This year has been a challenging year for the Trust in terms of securing the level of resources needed to meet demand in the southern area. The Trust has worked closely with our local commissioner and to secure recurrent resources in a number of key areas however, significant challenges remain.

At the same time the Trust's main priority is to strive to deliver care that is safe, personal and effective and seeks to continually improve and modernise the services offered to make the best use of its resources and improve the quality and experience of our service users.

Ministerial targets look at a range of areas including for example the following:

- Time patients wait to be seen in the Emergency Department;
- How long patients wait to receive their first assessments, diagnostics tests and treatments across our hospital and community services including services for the elderly, children and those with mental health or disability needs;
- How we support our carers;
- How stable our placements are for those children the Trust cares for;
- How well we manage patients admitted with stroke or waiting for surgery for hip fractures; and
- Infection rates in our hospitals.

Our performance reports go to the public Trust Board meetings with the information published on our website at [www.southerntrust.hscni.net](http://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.

### **Emergency Department**

There are two Emergency Department (ED) standards, which the Trust aims to achieve. These include seeking to ensure 95% of patients attending should be treated, admitted or discharged within 4-hours and that no patient should wait longer than 12-hours.

The Trust works hard to ensure that patients do not wait unnecessarily long times in ED, but this does happen on occasions when patients are waiting to be admitted to a

hospital bed and/or where it is deemed that there might be a clinical risk in moving the patient from ED.

Our performance in relation to the 4-hour target was 80.1% with 93 patients waiting in excess of 12 hours during 2015/16. This was in a year when the Trust's total attendances at ED increased by 4% with over 6000 more people attending than the previous year. Whilst these 93 occurrences represent only 0.1% of our total ED attendances the Trust feels strongly that this is not an acceptable time to wait and the Trust is continually working to improve our processes and performance in this area to avoid any excess waiting.

In order to support staff in the delivery of patient care within the Emergency Department, the Trust maintains both a management and a clinical presence, in and out of hours, 7 days per week. The Trust also works closely with the Health & Social Board to identify demand and capacity issues that result in increased pressures in our Emergency Departments particularly during times of peak pressures.

### **Access Times – Out-Patients**

In 2015/2016 the Trust aimed to have 60% of its general out-patients treated within 9 weeks, with no patient waiting longer than 18 weeks. Throughout Northern Ireland the demand for outpatient services has increased and within the Southern Trust there are shortfalls in our capacity to see all patients within the timescales set, however the Trust ensures that those patients that are urgent or have suspected cancer are always given priority and seen first. The Trust continues to review opportunities to address the shortages in capacity with the Health and Social Care Board, in line with available resources. In 2015/16 39% of patients were treated within 9 weeks and 12,521 patients waited longer than 18 weeks.

Within Mental Health services, the Trust aimed to have no patients waiting longer than 9 weeks for adult services, children and adolescent services and for dementia services and no patients waiting longer than 13 weeks for access to psychological therapy services. Our performance during 2015/16 demonstrated 81 adults and 69 dementia patients waiting longer than 9 weeks and 10 patients waiting longer than 13 weeks for psychological therapies. Whilst this is an improving position for mental health services the Trust continues to work to improve this.

### **Access Times – In-Patients**

In 2015/2016 the Trust aimed to have 65% of in-patients or patients staying as a day case treated within 13 weeks, with no patient waiting longer than 26 weeks. Our performance demonstrated that 56.3% of patients were treated within 13 weeks and that 1,552 patients were waiting in excess of 26 weeks.

The Trust has a recognised shortfall in capacity across a number of specialist areas, which has impacted on our ability to see all patients within the timescales set, however the Trust ensures that those patients that are urgent or have suspected cancer are always given priority and treated first. The Trust continues to review opportunities to address the shortfalls in capacity with the Health and Social Care Board, in line with available resources.

### **Support to Carers**

In 2015/16 the Trust aimed to continue to increase the number of carers, offered carer assessments; the targets set for 2015/16 represent an increase of 10% from the previous year, which equates to a total of 838 assessments. The Trust acknowledged this to be an extremely challenging target in 2015/16 following on from very high performance in 2014/15 as a baseline. At the end of December 2015 the Trust had offered 693 carers assessments. Whilst additional assessments will be offered up to the end of March 2016, it is not anticipated that the full target will be met.

This offering of assessment is one part of how we support carers. The Trust has a Carers Reference Group and Forum and ensures carers are involved with its various PPI (Patient and Public Involvement) plans to include their voice in our future planning.

### **Children in our Care**

The Trust is subject to a number of standards in relation to looking after the children in our care including the target timescale for adoption processes to complete within 3 years. The Trust's performance against these standards remains an on-going priority and is influenced by a number of external factors such as the availability of carers, timing of court processes and changes from fostering to adoptive placements.

In 2014/15, which is the most recent information available, 25% of children were adopted within 3 years, with 65% adopted between 3 and 5 years. Whilst our timescale for adoption was beyond our target overall, the Trust secured successful adoption placements for 20 children which is the highest number of children adopted through an individual Trust and represents 28% of all children adopted in Northern Ireland in 2014/15.

### **Management of patients in our hospitals**

The Trust has a number of standards which they aim to deliver in relation to the clinical management of our patients in hospital.



Within the area of stroke, the Trust achieved its target in 2015/16 of administering thrombolysis therapy to 13% of patients who had suffered an ischemic stroke and were considered suitable for this treatment.

For people that present with a broken hip the Trust's target is to have 95% of these patients surgically treated, as clinically appropriate, within 48 hours. In 2015/16 the Trust saw a significant increase in the number of people being admitted with trauma to our Trauma & Orthopaedic service. This means that our clinicians have to decide who will benefit from treatment first dependent on their clinical condition. In 2015/16 91% of patients had surgery within 48 hours.

### **Infection rates**

In 2015/16 the Trust aimed to continue to improve its hospital infection rates and have no more than 5 cases of the Methicillin Resistant Staph Aureus (MRSA) infection and no more than 32 cases of Clostridium Difficile (C Diff) infection in the year. During 2015/16, the Trust had 2 cases of MRSA and achieved the target however, the C Diff target was not achieved with 54 cases reported.

Infection prevention and control is one of the Trust's key quality priorities and the Trust continues to put in place a range of actions to ensure effective prevention measures are undertaken, including training for staff and raising awareness with staff, patients, visitors and the public.

### **Southern Trust facts and figures 2015/16**

The Trust spent £1.685m gross per day delivering services to local people. This was spent as follows.

#### **During the past year:**

- There were a total of 5,976 births in the Southern HSC Trust. There were 4,145 births in Craigavon Area Hospital and 1,831 in Daisy Hill Hospital;
- 84,125 people attended Craigavon Area Hospital Emergency Department and 51,267 attended Daisy Hill Hospital Emergency Department;
- A total of 28,765 people received treatment at the Minor Injuries Units at South Tyrone Hospital;
- Total Number of Outpatient Attendances – 392,790;
  - new outpatient attendances – 115,715
  - review outpatient attendances – 277,075

- Total number of inpatient admissions – 57,883;
  - Elective – 6,582
  - Non-elective – 51,301
- The Trust received 12,707 child care referrals;
- The GP Out of Hours (OOH) service received 93,769 initial patient telephone calls into the GP OOHs service;
  - 52,354 patients were assessed by a GP, Nurse or Pharmacist via telephone and provided with healthcare advice;
  - 36,265 patient appointments were provided in the Out of Hours centres at Daisy Hill, South Tyrone, Armagh, Craigavon and Killeel;
  - 502 patients did not attend for a booked appointment;
  - 5,150 home visits to patients were undertaken by GPs across the Trust area;
  - 203 patients chose to attend the Out of Hours centre in Castleblayney (via the Co-operation and Working Together (CAWT) cross border project);
- The Trust provides care and support through the following care packages:

<b>Programme of Care</b>	<b>Residential Care</b>	<b>Nursing Home Care</b>	<b>Domiciliary Care</b>	<b>TOTAL</b>
Elderly	232	763	2,903	3,898
Memory Service	135	598	644	1,377
Mental Health	52	100	431	583
Learning Disability	104	168	755	1,027
Physical and Sensory Disability	4	45	732	781
<b>TOTAL</b>	<b>527</b>	<b>1,674</b>	<b>5,465</b>	<b>7,666</b>

## **Financial Performance 2015/16**

### **Financial Environment**

In common with previous financial years, 2015/16 also proved to be a difficult period with significant financial and operational challenges facing the Trust. Staff at all levels of the organisation continued to work hard to reduce reliance on the vacancy control and other contingency measures necessary to bridge the time between funding reductions and the implementation of the reforms necessary to return the

service to a sustainable financial balance. The Trust is pleased to report that it has again delivered a breakeven position.

### **Financial Targets**

The Trust's main funding source is its Revenue Resource Limit (RRL) from the DHSSPS. Expenditure remained within the RRL of £576m by £137k. The Trust also receives a limited amount to spend on capital, the Capital Resource Limit (CRL). It kept within the CRL of £21.4m by £310k.

The above achievements have been delivered through the concerted efforts of our staff, the continued implementation of service reform initiatives and sound financial management.

### **Profile of Income and Expenditure in 2015/16**

As stated above, the majority of funding (94%) for the Trust comes from the DHSSPS, through the Health and Social Care Board and Public Health Authority. The remaining funding received is mainly for medical education as well as income from paying patients and clients in residential and nursing homes.

In 2015/16, this funding was spent on staff salaries (63%) and significant non-pay expenditure included 9% on clinical and general supplies such as drugs and medical supplies and a further 18% on residential, nursing and domiciliary care delivered by other organisations on the Trust's behalf.

### **Compliance with Prompt Payment Policy**

The DHSSPS requires that Trusts pay their Non HSC suppliers in accordance with applicable terms and appropriate Government Accounting guidance i.e. it requires Trusts to pay 95% of Non HSC suppliers within 30 days of receipt of goods or a valid invoice (whichever is later). The Trust's payment policy is consistent with applicable terms and appropriate Government Accounting guidance and its measure of compliance is as follows (for both the number and value of payments made).

## Public Sector Payment Policy (continued)

	2016 Number	2016 Value £000s	2015 Number	2015 Value £000s
<b>Total bills paid in year</b>	<b>206,478</b>	<b>273,264</b>	<b>172,426</b>	<b>224,108</b>
<b>Total bills paid within 30 days or under agreed payment terms</b>	<b>193,206</b>	<b>250,692</b>	<b>151,068</b>	<b>200,413</b>
<b>Percentage of bills paid within 30 days or under agreed payment terms</b>	<b>93.6%</b>	<b>91.7%</b>	<b>87.6%</b>	<b>89.4%</b>
<b>Total bills paid within 10 days</b>	<b>173,700</b>	<b>226,085</b>	<b>121,745</b>	<b>170,785</b>
<b>Percentage of bills paid within 10 days</b>	<b>84.1%</b>	<b>82.7%</b>	<b>70.6%</b>	<b>76.2%</b>

From 1 April 2015 the scope of the prompt payment compliance measurement increased to take account of all categories of supplier payments made by Trusts, with the only exception being payments made to other organisations within the broader HSCNI.

Achievement of the 30 day target of 95% is dependent both on procedures within BSO Accounts Payable Shared Service and appropriate action by Trust nominated approvers. During 2015/16 the Trust worked closely with BSO and Trust approvers to ensure an improvement in prompt payment compliance and continues this work in an effort to achieve the target of 95%.

During the year the SHSCT paid £343 interest and £210 compensation in respect of late payment of commercial debt.

### Charitable Trust Funds

The Trust's Charitable Trust Fund account is, again, consolidated with the public funds account but this has no impact on the reported financial position. During 2015/16, charitable donations of £297k were received by the Trust, an increase of £57k from prior year. These funds were used to support expenditure in the following areas:

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

Individual donors are too numerous to mention, but examples of improvements the Trust has been able to make during 2015/16 as a result of donations and legacies received include:

- The purchase of two portable machines for cardiac investigations;
- The purchase of a Stress System treadmill;
- ECG carts and cardiac monitors;
- CCTVs for visually impaired clients;
- Reflexology for patients;
- Christmas gifts for patients; and
- Flights, accommodation and course fees for staff education over and above that which would normally be provided.

## **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; and
- Making sure that everyone thinks about the way resources are used each and every day within the Trust and at home.

### **Sustainability Policy**

The policy articulates how the Trust will strategically meet its obligations in respect of sustainability issues both now and in the future.

### **Environmental Benchmarking**

This year, the Trust took part in the 2015 Arena Network Environmental Survey – Northern Ireland's leading environmental benchmarking exercise. We were awarded Silver status scoring 78% (5% increase on last year) representing a high level of assurance in environmental performance.

## **Energy**

### **Carbon Reduction Commitment (CRC)**

The Trust continues to meet compliance under CRC legislation whereby there is a requirement to report on emissions for electricity and natural gas consumed. Since 2010/11 there has been an overall reduction of 6%.

There are a number of schemes now coming online that will help to improve carbon emissions over the next year including the use of the combined heat and power (CHP) system at Craigavon Area Hospital.

### **Display Energy Certificates**

The Trust also achieves legal compliance in the display of Energy Certificates at relevant properties detailing the energy efficiency of each building above 250m<sup>2</sup>.

## **Waste Management**

The Southern Trust generates approximately 1,500 tonnes per annum of domestic waste and 800 tonnes of clinical waste. Domestic waste increased by 3% (1,297 tonnes (2014/15) to 1,336 tonnes in 2015/16). However, the recycling rate has also increased from 13% in 2014/15 to 13.65% in 2015/16 which includes both cardboard and MDR (Mixed Dry Recyclables). At Craigavon Area Hospital the Trust is recycling approximately 90 tonnes per annum or 1.73 tonnes per week. MDR across the Trust has increased significantly from 84 tonnes to 120 tonnes (increase of 42% on last year). This includes 13 tonnes generated at Craigavon Area Hospital where a number of wards/departments have commenced recycling. Other waste types generated within the Trust include all skip waste, Waste Electronic and Electrical Equipment (WEEE) and other specialist waste types which are managed at the main hospital sites.

## **Future Developments**

2016/17 is likely to be another challenging year for the Trust. Some of the issues and risks already facing the Trust, both financial and non-financial are outlined in the Governance Statement on pages 29 to 60.

## **Long term Expenditure Trends and Plans**

### **Revenue**

The amount of expenditure that the Trust can incur is constrained by the amount of income made available by the NI Assembly. In response to prevailing economic

conditions, real growth in the amount of funding available for health and social services, as is the case for all aspects of public service provision throughout the United Kingdom, will be heavily curtailed for the foreseeable future.

The population of the southern area and the associated demand for services, however, continues to grow at a faster rate than that experienced in other areas. As in the recent past, this increase in demand has to be funded, at least in part, by continual improvements in efficiency and effectiveness and service transformation.

### **Capital**

The Trust's estate is rapidly approaching the point at which significant renewal and redevelopment is required. The need to improve efficiency and the demands of a growing population also places significant pressure on capital resources. As with revenue funding, the amount of capital investment funding is equally influenced by the state of the economy. It is unlikely that the 'ideal' level of investment will be available in the near future and the Trust will continue to prioritise demands and direct funding to the maintenance and stability of core service provision.

**Signed:**



**Mr Francis Rice**

**Accounting Officer**

**Date:**



**SOUTHERN HSC TRUST**  
**ACCOUNTABILITY REPORT**  
**GOVERNANCE REPORT**

**Directors' Report**

**Board of Directors**

The Board of Directors during the year was as follows:



**Mrs Roberta Brownlee**

Chair

Tel: 028 3861 3953

[Roberta.Brownlee@southerntrust.hscni.net](mailto:Roberta.Brownlee@southerntrust.hscni.net)

**Executive Directors**



**Mrs Paula Clarke**

Interim Chief Executive (to 31 March 2016)

Tel: 028 3861 3960

[Paula.Clarke@southerntrust.hscni.net](mailto:Paula.Clarke@southerntrust.hscni.net)



**Mr Francis Rice**

Interim Chief Executive (from April 2016)

Director of Mental Health and Disability Services/  
Executive Director of Nursing and AHPs (Until April  
2016)

Tel: 028 3861 3960

[Francis.Rice@southerntrust.hscni.net](mailto:Francis.Rice@southerntrust.hscni.net)



**Mr Stephen McNally**

Director of Finance and Procurement

Tel: 028 3861 3982

[Stephen.McNally@southerntrust.hscni.net](mailto:Stephen.McNally@southerntrust.hscni.net)





**Dr Richard Wright**

Medical Director (from July 2015)

Tel: 028 3861 3978

[Richard.Wright@southerntrust.hscni.net](mailto:Richard.Wright@southerntrust.hscni.net)



**Dr John Simpson**

Medical Director (to August 2015)

Tel: 028 3861 3978

[Richard.Wright@southerntrust.hscni.net](mailto:Richard.Wright@southerntrust.hscni.net)

**Trust Directors**



**Mrs Aldrina Magwood**

Acting Director of Performance and Reform

Tel: 028 3861 3945

[Aldrina.Magwood@southerntrust.hscni.net](mailto:Aldrina.Magwood@southerntrust.hscni.net)



**Mr Kieran Donaghy**

Director of Human Resources and Organisational Development

Tel: 028 3861 3981

[Kieran.Donaghy@southerntrust.hscni.net](mailto:Kieran.Donaghy@southerntrust.hscni.net)



**Mr Miceal Crilly**

Acting Director of Mental Health and Disability Services  
(to April 2015)

Tel: 028 3883 3222

[Miceal.Crilly@southerntrust.hscni.net](mailto:Miceal.Crilly@southerntrust.hscni.net)



**Mrs Angela McVeigh**

Director of Older People and Primary Care

Tel: 028 3861 3979

[Angela.McVeigh@southerntrust.hscni.net](mailto:Angela.McVeigh@southerntrust.hscni.net)



**Mrs Esther Gishkori**

Director of Acute Services (from August 2015)

Tel: 028 3861 2510

[Esther.Gishkori@southerntrust.hscni.net](mailto:Esther.Gishkori@southerntrust.hscni.net)



**Mrs Debbie Burns**

Acting Director of Acute Services (to August 2015)

**Non-Executive Directors**



**Mrs Deirdre Blakely**

(to 31 December 2015)



**Mr Edwin Graham**

(Chair of the Patient & Client Experience Committee)



**Mrs Hester Kelly**

(to 31 December 2015)

(Chair of Endowments and Gifts Committee to 31 December 2015)



**Mrs Elizabeth Mahood**

(Chair of Audit Committee)



**Dr Raymond Mullan**  
(Chair of Governance Committee)



**Mrs Siobhan Rooney**  
(Chair of Endowments and Gifts Committee from June 2015)



**Mrs Hilary McCartan**  
(from 15 February 2016)



**Ms Eileen Mullan**  
(from 15 February 2016)



**Mr John Wilkinson**  
(from 15 February 2016)

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.

### **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 £576m of which Non-Cash Revenue Resource Limit was £32.06m.

In addition to the above, during the year the Trust entered into transactions with the following related parties (as defined by IAS 24), which are organisations in which one or more Directors disclosed interests:

	Total Value of Transactions	Balance Outstanding at Year End
	£	£
Enable NI	Payments: 189,284 Receipts: 50 (32 transactions)	10,961 (Creditor)
Ann's Homecare Domiciliary Care Agency	Payments: 4,323,501 (150 transactions)	248,821 (Creditor)

## Audit

The accounts and supporting notes relating to the Trust's activities for the year ended 31 March 2016 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). They have been audited by the Northern Ireland Audit Office. The report of the Comptroller and Auditor General is included on pages 83-84.

The Interim Chief Executive and each Director has taken all the steps that he/she ought to have taken as Chief Executive/Director to make himself / herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

So far as the Interim 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 2016 which pertained solely to the audit of the Public Funds Accounts was £59,000. The notional cost of the audit of the Charitable Funds Accounts was £5,000. No other audit or non-audit services were provided to the Trust in 2015/16.

## **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 ('the Southern HSC 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 Mr Francis Rice 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.

## **Governance Statement for the year ended 31 March 2016**

### **1. Scope of Responsibility**

The Board of Directors of the Southern HSC Trust (the Trust) is accountable for internal control. As Accounting Officer and Interim 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 at a senior level with the HSCB and both scheduled and ad hoc 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:

- meetings with Trust, HSCB, Local Commissioning Group (LCG) and PHA senior teams collectively and on issue specific basis;
- monthly meetings between Trust and HSCB Chief Executives;
- 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 Local Medical Committee (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; and
- 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 (MS) and Financial Memorandum (FM). This model MS/FM for executive

Non-Departmental Public Bodies (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. 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 Trust Board.

This incorporates, in line with best practice, the Board annual review of its effectiveness, which the Trust Board conducted during 2015/16, in addition to the completion of the DHSSPS Board Governance Self-Assessment Tool. During 2015/16, Internal Audit undertook a review of Board Effectiveness and this included independent assessment of the Trust's 2014/15 self-assessment. A satisfactory level of assurance was provided.

## **3. Governance Framework**

In my role as Accounting Officer, I am supported by the Trust Board.

The Board exercises strategic control over the organisation through a system of corporate governance which includes:

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

The Trust adopts an integrated approach to governance and risk management and an Integrated Governance Strategy is in place which covers all domains of governance associated with the delivery of health and social care services. A review

of this strategy is currently underway. Committee structures are in place to reflect this integrated approach and to support the Trust Board. The following describes in more detail the role of the Trust Board, its Committee structure and attendance during the reporting period.

## The Trust Board

The composition and membership of the Trust Board is defined by the Membership, Procedure and Administration Arrangements Regulations and comprises a Chair, seven Non-Executive Directors, the Chief Executive and four Executive members. Four members of the Senior Management Team also attend Trust Board meetings. Non-Executive Directors are independent members and provide support, guidance and challenge to the Trust Board.

In the 2015/16 year, the Trust Board held eight formal Board meetings in public and, in accordance with Standing Orders, were quorate for each meeting.

Name of Board member	No. of Meetings attended	No. of Possible Meetings	Comments
Mrs R Brownlee Chair	8	8	
Mrs D Blakely Non Executive Director	5	6	Term expired 31/12/2015
Mr E Graham Non Executive Director	8	8	
Mrs H Kelly Non Executive Director	6	6	Term expired 31/12/2015
Mrs E Mahood Non Executive Director	8	8	
Mrs H McCartan Non Executive Director	1	1	Commenced 15/02/2016
Ms E Mullan Non Executive Director	1	1	Commenced 15/02/2016
Dr R Mullan Non Executive Director	8	8	
Mrs S Rooney Non Executive Director	8	8	
Mr J Wilkinson Non Executive Director	1	1	Commenced 15/02/2016
Mrs P Clarke Interim Chief Executive	7	8	Resigned 31/03/2016
Mrs D Burns Interim Director of Acute Services	2	2	Resigned 31/08/2015
Mr K Donaghy Director of Human Resources and Organisational Development	7	8	
Mrs E Gishkori Director of Acute Services	6	6	Commenced 17/08/2016
Mrs A Magwood Director of Performance and Reform (Acting)	8	8	
Mr S McNally Director of Finance and Procurement	8	8	



Mrs A McVeigh Director of Older People and Primary Care Services	6	8	
Mr P Morgan Director of Children and Young People's Services/Executive Director of Social Work	6	8	
Mr F Rice Director of Mental Health and Disability Services/Executive Director of Nursing	6	8	
Dr J Simpson Medical Director	2	2	Retired 31/07/2015
Dr R Wright Medical Director	6	6	Commenced 1/07/2015

During the reporting period, the following changes occurred with regard to Board membership:-

- Two Non-Executive Directors completed their tenure on 31 December 2015; three new Non-Executive Directors were appointed with effect from 15 February 2016; three have had their terms of office extended for a further one year period to 31 March 2017 and one commenced their second term of office with effect from 29 August 2015. The Chair is currently in her second term of office.
- The resignation of the Interim Chief Executive on 31 March 2016.
- With effect from 1 February 2016, a Deputy Chief Executive was appointed on a temporary basis to 31 March 2016.
- The appointment of a Medical Director on 1 July 2015 and Director of Acute Services on 17 August 2015.

Trust Board meetings were widely publicised through the press and the Trust website. Agendas, minutes and papers of all Trust Board meetings are publicly accessible on the Trust website.

The Trust Board has corporate responsibility for ensuring that the organisation fulfils the aims and objectives set by the Department/Minister and for promoting the efficient, economic and effective use of staff and other resources. It has a key role in overseeing sound financial management and corporate governance of the Trust.

Each Trust Board agenda comprises strategic, operational, quality and performance items. The Trust Board received management reports at each meeting on the financial position, workforce information and performance against targets to assist it in discharging its role.

Two Board workshops were held during the year, at which members explored strategic issues and planned service developments. The Trust Board held a Development Day on 12 November 2015 which provided members with the opportunity to take 'time out' to consider lessons and best practice from elsewhere

on leadership, teamwork and communication and explore the application of these to the role of the Board. Board Effectiveness was a key focus of the agenda and an action plan developed with areas identified for development and/or improvement.

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 the 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 via completion of a Board Report Summary Sheet. 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 and raise any issues of concern.

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.

### **Audit Committee**

The Audit Committee supports the Trust Board and my role as Accounting Officer with regard to our responsibilities for issues of risk, control and governance and provides associated assurance through a process of constructive challenge.

The committee comprises five Non-Executive Directors who are independent of Trust management. 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. The Committee is also attended by other Finance and Internal Audit staff as required.

During 2015/16, the Committee held 6 meetings to provide the Trust Board with independent assurance on the adequacy and effectiveness of internal control systems and that all regulatory and statutory obligations are met. There was full attendance at three out of these six meetings.

<b>Name of Audit Committee member</b>	<b>No. of Meetings attended</b>	<b>No. of Possible Meetings</b>	<b>Comments</b>
Mrs E Mahood (Chair) Non Executive Director	6	6	
Mrs D Blakely Non Executive Director	4	4	Term expired 31/12/2015
Mr E Graham Non Executive Director	4	4	Joined the Committee 01/06/2015. Stood down on 31/03/2016 to take up membership of the Remuneration Committee
Mrs H McCartan Non Executive Director	0	1	Commenced 15/02/2016
Ms E Mullan Non Executive Director	0	1	Commenced 15/02/2016

Dr R Mullan Non Executive Director	3	6	
Mrs S Rooney Non Executive Director	1	1	Stood down from the Audit Committee on 02/04/2015 to take up membership of the Remuneration Committee
Mr J Wilkinson Non Executive Director	1	1	Commenced 15/02/2016

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 2015/16. The Audit Committee particularly focused on bringing closure to the long standing internal audit recommendations from 2013/14 and prior. Fraud is a standing item on the Committee's agenda and there is on-going reporting to the Committee in respect of compliance with Departmental directions/circulars.

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 assessed its effectiveness against the National Audit Office (NAO) Audit Committee self-assessment checklist. One action emerged with regard to ensuring the effective induction and training of new Audit Committee members. This will be taken forward in 2016/17.

### **Governance Committee**

The Governance Committee is the overarching strategic Committee responsible for providing assurance to the Board on all aspects of governance (except internal financial control) and during the year the Committee regularly considered the effectiveness of the Trust's governance arrangements.

The Committee comprises all Non-Executive Directors who are independent of Trust management. 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 at all meetings.

During 2015/16, the Governance Committee met on four occasions.

<b>Name of Governance Committee member</b>	<b>No. of Meetings attended</b>	<b>No. of Possible Meetings</b>	<b>Comments</b>
Dr R Mullan (Chair) Non Executive Director	4	4	
Mrs D Blakely Non Executive Director	2	3	Term expired 31/12/2015
Mr E Graham Non Executive Director	4	4	
Mrs H Kelly Non Executive Director	3	3	Term expired 31/12/2015
Mrs E Mahood Non Executive Director	4	4	
Mrs H McCartan Non Executive Director	0	0	Commenced 15/02/2016
Ms E Mullan Non Executive Director	0	0	Commenced 15/02/2016
Mrs S Rooney Non Executive Director	4	4	
Mr J Wilkinson Non Executive Director	0	0	Commenced 15/02/2016

In order to discharge its responsibilities, the Committee has a Schedule of Reporting in place and the key areas reported at meetings are in line with this. 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.

In April 2015, a revisit of the outcomes of the 2010 Review of Clinical and Social Care Governance was undertaken and progress updates were provided to the Committee. As an outcome of the revisit, the Trust has commenced a project to review and further improve on how Serious Adverse Incidents, Adverse Incidents and Complaints are used to learn, improve patient safety and reduce risk. The Trust is currently developing and testing the reporting format to Governance Committee.

Reports and findings from external bodies/agencies were also presented to the Committee and discussed, particularly those that indicated practice below acceptable levels and areas of high risk. The Committee sought assurance that action plans were in place to address recommendations and were being effectively implemented through measurable outcomes. Where the organisation has challenges in meeting recommendations, the Governance Committee ensures these are appropriately escalated to the Trust Board.

The Governance Committee reviewed the Corporate Risk Register at each meeting and ensured that risks that are outside the Trust's ability to solely manage were escalated to the Trust Board and beyond.

The Chair of the Governance Committee undertook an evaluation of the performance of the Committee during the year and presented the Committee's Annual Report to the Trust Board.

### **Endowments and Gifts Committee**

The Endowments and Gifts Committee is the committee responsible for providing assurance to the Board on all aspects of the stewardship and management of funds donated or bequeathed to the Trust.

The membership of the Endowments and Gifts Committee comprises three Non-Executive Directors, the Director of Acute Services and the Director with responsibility for Estates Services. The Director of Finance is in attendance. Two members had full attendance at all meetings during the year, with the remaining members missing one or more meetings.

During 2015/16, the Committee held four meetings to oversee the administration of the Endowments and Gifts funds, their investment and disbursement. The Committee also revised the 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. One issue arose relating to the importance of Director attendance, however, where a Director was unable to attend a meeting, a nominated deputy attended.

### **Remuneration Committee**

The Remuneration Committee makes recommendations to the Trust Board on all aspects of remuneration and terms and conditions of employment of the Chief Executive and other senior executives.

The committee comprises the Trust Chair and two Non-Executive Directors, who are independent of Trust management. The Director of Human Resources and Organisational Development is in attendance.

The Committee held three meetings during 2015/16. There was full attendance by all members during the year. The Chair brings recommendations of the Remuneration Committee following each meeting to the Trust Board.

### **Patient and Client Experience Committee**

The Patient and Client Committee provides assurance to the Trust Board that the Trust's services, systems and processes provide effective measures of patient/client and community experience and involvement.

The membership of the Patient and Client Experience Committee comprises the Trust Chair, four Non-Executive Directors and four representatives from the Trust's

PPI Panel. Trust Directors, the Assistant Director of Promoting Wellbeing, the Assistant Director of Clinical and Social Care Governance and a representative from the Patient and Client Council are in attendance.

During 2015/16, the Committee held four meetings. Attendance across the four meetings in 2015/16 ranged from 89% to 67%.

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 Chair of the Patient and Client Experience Committee undertook an evaluation of the performance of the Committee during the year and presented the Committee's Annual Report to the Trust Board.

#### **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.

The state of the economy continues to place severe restrictions on the funding available to the Trust at a time when the local population and the associated demand for service is growing at a faster rate than the rest of Northern Ireland. A requirement to review priorities and ways of working in order to generate internal savings is now a constant feature of service delivery and brings a new dimension to corporate governance and risk management.

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 three year Strategic Plan "**Improving through Change**" aims to ensure clarity about the strategic direction for services delivered by the Trust during 2015-2018 and specifically to identify what implementing "*Transforming Your Care*" will mean locally for individual services. This plan builds on the Trusts 2013-2015 strategic plan "*Changing for a Better Future*".

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.

The current strategic plan which runs until 2018 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 targets set out within the Commissioning Plan are allocated to Directorates. 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.

Monitoring of performance subsequently occurs on a monthly basis. Operational Directors receive a monthly report which provides a tool for focus with escalation of areas which are in excess of the required commissioning plan targets and standards and Trust Board also receive a monthly report. This includes a summary of performance, key actions and issues. It is the responsibility of Directors to ensure that Directorates under their control have appropriate plans and monitoring arrangements in place.

**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.

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.

It is essential that linkages between plans at Corporate and Directorate level are clearly stated and there must be a clear understanding and connection at all levels between objectives and associated risks. This is evidenced through the business planning and risk management processes in the Trust.

## **Risk Management**

Risk management is an organisation-wide responsibility.

The key components of the Trust's risk management strategy (2014) 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.

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.

In the Trust, there are two key levels at which the risk management process is formally documented:

- The Trust's Corporate Risk Register, which focuses on the principal risks to the Trust's delivery of its statutory responsibilities and corporate objectives; and
- Directorate risk registers which focus primarily on the risks to the achievement of Directorate objectives.

The Corporate Risk Register is reviewed by the Governance Committee at each of its meetings. The Corporate Risk Register is complementary to and works in conjunction with the Board Assurance Framework which is presented to the Trust Board on a six-monthly basis. Examples of indicators which may identify risks within the organisation include reports from external bodies e.g. RQIA, Accreditation bodies, independent reviews; various occurrences such as complaints, incidents, litigation, staff turnover; and internal assessments/reporting such as self-assessments, monitoring reports etc.

Directors are responsible for ensuring that Directorates under their control have fully functioning Directorate Risk Registers.

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. 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 reviews the Corporate Risk Register monthly.



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, analysis and the investigation of serious incidents. The Trust has reviewed the arrangements in place for communicating and involving patients and their families in incident investigations also.

The content of the Trust's risk management training and awareness is presently under review; it was identified through an internal audit of risk management in 2015 that the Trust should improve on the numbers of staff trained in this area across all Directorates. This work stream remains on-going.

The system of internal governance is designed to help manage risk rather than to eliminate it and controls must at all times be commensurate with the nature of the risk. Internal Audit reviewed the Trust's Risk Management system in 2015/16 and provided a satisfactory level of assurance.

## **5. Information Risk**

Safeguarding the Trust's information is a critical aspect of supporting the Trust in the delivery of its objectives and effective management of information risk is a key aspect of this. Arrangements in place to manage this risk include:

- A Trust Information Governance Framework which includes strategy, policy and a suite of procedures and guidance.
- An Information Governance Forum which is led by the Personal Data Guardian (Medical Director) and Senior Information Risk Owner (SIRO) (Acting Director of Performance and Reform). It reports to the Trust's Governance Committee.
- Information Asset Owners (IAOs) are in place to reduce the risk to personal information within the Trust and are aware of their responsibilities;
- An information sharing register is in place which records the details of all episodes of sharing of Trust data with other bodies;
- Monitoring of Freedom of Information and Data Protection requests

Information Governance incidents are reported in accordance with the HSC Risk Management strategy. Three incidents have been reported to the Information Commissioners Office (ICO) during 2015/16. None of these resulted in data loss. These have been fully investigated and action plans have been implemented. Internally, information governance incidents are monitored and reviewed at the Information Governance Forum; ensuring lessons learned are disseminated throughout the Trust.

Data protection and records management training is mandatory for all Trust staff, providing them with up to date awareness of information governance issues and risks.

## **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 continues to prioritise PPI within all aspects of its business agenda and operates a range of governance, management and reporting mechanisms that reflect this.

Arrangements in place include:

- PPI is a standing agenda item on the Trust Patient and Client Experience Committee, a sub-committee of the Trust Board;
- Each Trust Board agenda includes a patient/client centred service which incorporates feedback and learning from PPI activity;
- PPI arrangements have been subject to verification by PHA in 2015/16 and the Trust has completed a self-assessment PPI Performance Management Report for PHA;
- Corporate PPI Annual Action plan to ensure continuous improvement;
- Implementation of PPI Checklist - a tool to enable senior managers to determine compliance with the PPI Indicators across all programmes of care; and
- Influence in the design and development of the PHA-funded PPI training programme, Engage and Involve.

Further information on the Trust's involvement mechanisms, processes and resources to support staff and service users and carers is available at

<http://www.southerntrust.hscni.net/about/1600.htm>

## **7. Assurance**

A systematic approach is taken to ensure that the systems upon which the Trust relies are challenged and tested. The Board Assurance Framework is a statutory requirement for the Trust and is an integral part of the Trust's governance arrangements. The Framework has been compiled in conjunction with all Directorates and provides the systematic assurances required by the Board on the effectiveness of the system of internal control by highlighting the reporting and monitoring mechanisms that are necessary to ensure the achievement of corporate

objectives and the delivery of high quality health and social care. In its Board Assurance Framework, the Trust Board has determined the level of assurance it requires to manage the principal risks facing the organisation and the Trust 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. Trust Board minutes attest to the challenge and scrutiny applied to the Board Assurance Framework.

The Framework illustrates the wide range of assurance from internal and external sources. The sources of external assurance and system validation as identified in the Board Assurance Framework include, for example, the Regulation and Quality Improvement Authority, Internal and External Auditors, Royal Colleges and Professional Councils. These are supplemented from non-independent sources such as performance management, self-assessments and proposed work streams on national audits.

The Board Assurance Framework sits alongside the Corporate Risk Register, the Controls Assurance Standards process and performance reporting to provide structured assurance about how risks are effectively managed to deliver agreed objectives. Where risks are outside the Trust's ability to solely manage, these are escalated to the Trust Board and beyond.

Compliance with the controls assurance standards and the annual self-assessments against the standards provide an important assurance to the Trust Board. Separately, the Audit and Governance Committees review compliance with Controls Assurance Standards to provide assurance to the Trust Board that action plans are in place for all 22 standards to maintain/further improve compliance against each standard going forward.

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.

The quality of information presented to the Trust Board is regularly reviewed by members. A standard template is 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. A Non-Executive Director is a member of the Trust Information Governance forum which addresses assurance processes for data quality. In addition, Trust Board receives reports from external organisations which provide assurance in relation to some areas of 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 the Trust Board.

## Controls Assurance Standards

Controls assurance standards are a central feature of the Trust's corporate governance system. 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 2015/16. Each standard has an action plan in place to address any areas of non-compliance.

Substantive compliance is required across all 22 standards.

The table below provides a summary of the expected and achieved levels of compliance for 2015/16.

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
<b>Financial Management (Core Standard)</b>	75% - 99% (Substantive)	<b>Substantive*</b>
Fire safety	75% - 99% (Substantive)	Substantive
Fleet and Transport Management	75% - 99% (Substantive)	Substantive
Food Hygiene	75% - 99% (Substantive)	Substantive
<b>Governance (Core Standard)</b>	75% - 99% (Substantive)	<b>Substantive*</b>
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

<b>Standard</b>	<b>DHSS&amp;PS Expected Level of Compliance</b>	<b>Trust Level of Compliance</b>
Information Management	75% - 99% (Substantive)	Substantive*
Management of Purchasing	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 2015/16*

The above table demonstrates that the required levels of compliance have been achieved in 2015/16.

## **8. Sources of Independent Assurance**

The Trust obtains Independent Assurance from the following sources:

- ***Internal Audit;***
- ***RQIA;***
- ***External Review/Benchmarking;***
- ***Licensing and other Regulatory bodies***

### **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.

In 2015/16 Internal Audit reviewed the following systems:

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
<b>Finance Audits:</b>	
Management of Client Monies in the Independent Sector (including St Francis Private Nursing Home)	Satisfactory - Most Facilities  Limited - Glenview
Payments to staff	Limited
Non Pay Expenditure	Satisfactory
Bank and Cash	Satisfactory
Budgetary control	Satisfactory
FPL Systems Administration	Satisfactory
Asset Management	Satisfactory
Adult Supported Living – Mental Health and Disability Directorate	Satisfactory
Client Monies and cash and Valuables Handling in Social Care Facilities	Satisfactory
Income and debt management (including identification and charging of non-UK residents)	Satisfactory – Income/debt management  Limited – Identification and charging of Non UK residents
Client Monies - Valley Nursing Home	Satisfactory
Management and use of Agency and Locum staff	Satisfactory
Laboratory procurement and contract management	Limited
Fostering and adoption payments	Limited
Management of Estates Contracts	Limited
Domiciliary care - Enable Care	Unacceptable
<b>Corporate Risk Based Audits:</b>	
Performance Management	Satisfactory

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Directorate Risk Based Audit – Children and Young People’s Directorate	Satisfactory
Corporate Mandatory Training and Appraisals	Satisfactory: Human Resources and Organisational Development (HROD)  Limited - Directorates
Compliance with Standards and Guidelines	Satisfactory
Case Management	Limited
Management of Licences and Accreditations	Satisfactory
<b>Governance Audits:</b>	
Risk Management	Satisfactory
Clinical and Social Care Governance	Satisfactory
Board Effectiveness	Satisfactory
Whistleblowing and Fraud processes	Satisfactory
Complaints Management	Satisfactory

## Consultancy and Other Assignments

A number of other assignments were undertaken by Internal Audit during the year which included:

- Review of GP Out of Hours financial procedures
- Verification of sample of re-imburement of client monies by the Haven Nursing Home

## Follow up work

342 of 460 previous priority one and two Internal Audit recommendations which were due to have been implemented, were fully implemented at year end (74%), a further 18% were partially implemented and 8% have not yet been implemented. There were 8 priority one findings which have not been implemented. Four of these relate to the HRPTS system, three of which require BSO input to address. One relates to implementation of KSF gateways under Agenda for Change which requires a regional approach and the other three are Trust clinical and social care governance

issues. Where it is within the control of the Trust to do so, these recommendations will be progressed in 2016/17.

### Shared Services Audits

As the Trust is a customer of BSO Shared Services, the following audit reports have been shared with the Trust for information.

Shared Service Audit	Assurance
Payments Shared Service (as at September 2015)	Satisfactory
Payments Shared Service (as at March 2016)	Satisfactory
Payroll Shared Service (as at September 2015)	Limited
Payroll Shared Service (as at March 2016)	Limited
Income Shared Service	Satisfactory
Recruitment Shared Service	Unacceptable
Business Services Team	Satisfactory
Benefits Realisation	Satisfactory

Limited assurance has been provided again in 2015/16 in respect of the Payroll Shared Service Centre and a significant number of priority one findings and recommendations have been reported. Improvement is required particularly in the following areas: variance monitoring; management and reporting of overpayments; authorisation and processing of manual payments; accuracy of maternity payments; payroll information relating to pension calculations; and HRPTS access controls.

Unacceptable assurance has been provided in respect of the Recruitment Shared Service Centre. There are significant E-Recruitment system functionality issues and performance of the Recruitment Shared Service is not being effectively managed and monitored. Improvement is noted as required in the following areas: E-Recruitment system functionality; standing operating procedures; performance management; management of customer queries; information governance; and control of user access rights.

Internal Audit also followed up on the implementation of priority one and priority two BSO shared service recommendations at the end of 2015/16. In total, 294 BSO shared service recommendations were followed up. 78% of these recommendations have been fully implemented, a further 20% partially implemented and 2% were not yet implemented at the time of review.



## Overall Opinion for 2015/16

In her annual report, the Head of Internal Audit reported that the Trust has a satisfactory system of internal control designed to meet the organisation's objectives. However, it was also noted that Limited assurance has been provided in a number of areas and Unacceptable assurance has been provided in relation to controls within an Independent Domiciliary Care contracting organisation.

Details of the significant issues identified within the limited and unacceptable assurance reports provided to the Trust are noted below:

**Payments to staff:** priority one issues were raised in relation to insufficient controls in place to check self-payment by staff; BSO reporting and management of overpayments; and evidence of insufficient validation of travel claims by Trust managers prior to authorisation.

**Fostering and Adoption payments:** priority one issues were identified in relation to a high level of errors in the rate of adoption payments sampled; and weaknesses in the completeness of foster care contract documentation.

**Laboratory procurement and contract management:** priority one issues related to the lack of contract documentation and contract performance processes with the Belfast HSC Trust for significant services provided to the Trust; and incomplete contract management and documentation for a number of smaller laboratory suppliers.

**Management of Estates Contracts:** two priority one issues were identified and relate to controls around the approval of measured term contract (MTC) invoices for payment and monitoring of the performance of quantity surveyors who conduct the financial review of MTC invoices.

**Case Management:** the priority one findings in this reported highlighted that the new case management procedures are not embedded and fully understood across all Trust teams tested. In addition, three service users in the community were highlighted where Trust staff are involved in managing their finances without adequate segregation of duties.

**Management of Client Monies in Glenview Nursing Home:** Particular issues were found in relation to Glenview Nursing Home which included lack of appropriate signed residents' agreements; no procedures in place for the Clients' Comfort Fund, including no dedicated receipt book, no double signing of withdrawals and no evidence of review of account reconciliations.

**Corporate Mandatory Training and Appraisals:** compliance with mandatory training requirements by a number of Directorates in the Trust was noted, where compliance was less than 60% in 9 out of 14 mandatory training areas.

**Income and debt management (including identification and charging of non-UK residents):** Internal Audit noted several weaknesses within the current arrangements in the Trust for capturing potential income associated with treatment of patients who are not ordinarily resident.

**Domiciliary Care - Enable Care:** this report identified eight priority one issues, six concerning controls within the supplier and two regarding controls in the Trust. The systems in place within the supplier were very basic and weak. Internal Audit was unable to validate hours actually worked by care workers due to the failure to retain rotas and timesheets for the periods tested. The management of Enable Care have accepted the audit findings and are working with the Trust on their implementation.

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 2016/17.

#### **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. In the course of the external audit for 2015/16, the external auditor has brought to the attention of management one priority one issue.

The Northern Ireland Audit Office also conducts a number of Value for Money studies across the health sector on an annual basis and these are presented to the Audit Committee.

A representative of the NIAO attends Audit Committee four times per year.

#### **RQIA**

The RQIA provides independent assurance by conducting a rolling programme of planned clinical and social care governance and thematic reviews across a range of subject areas in HSC organisations.

As part of the revisit of its Clinical and Social Care Governance arrangements, the Trust is presently establishing a better system to track and monitor RQIA thematic

reviews and inspections and the Trust responses. This will further improve governance arrangements and enhance assurance to be gained from this area.

### **External Review/Benchmarking**

The Trust participates in a service which facilitates external benchmarking of hospital based data against a UK peer group of like hospitals. The service provider 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 independent assessment of performance against peer and against the top percentile, supporting this function with analysis and support at Directorate level.

### **Licensing and other Regulatory bodies**

Trust services are subject to a range of standards and regulations from external licensing and regulatory authorities to ensure appropriate standards of care are delivered. The four main licensing authorities are the Human Tissue Authority (HTA), the Medicines and Healthcare Products Regulatory Agency (MHRA), the Human Fertilisation and Embryology Authority (HFEA) and the Administration of Radioactive Substances Advisory Committee (ARSAC). The Trust is developing an IT system for the corporate logging, monitoring and reporting on these licenses.

The management of licences and accreditations in the Trust was subject to Internal Audit in 2015/16 and a satisfactory level of assurance provided.

In 2014/15, the Trust highlighted that its Biochemistry laboratory had not maintained its CPA accreditation. The inspection for re-accreditation took place on 12, 13 and 14 of April 2016.

## **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 2015/16 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**

### **Prior Year Issues**

A number of governance matters arising in previous years have now been addressed and no longer represent reportable governance issues for the Trust.

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

The DHSSPS issued HSC (F) 15/2016 “Safeguarding of Service User’s Finances within Residential and Nursing Homes and Supported Living Settings” in February 2016. Compliance with this circular by homes and facilities improved during 2015/16. Learning has been incorporated for the annual process now underway and any remaining issues are being taken forward under normal business arrangements.

### **Safeguarding of Residents’ Interests**

In 2012/13 the Trust commenced two adult safeguarding investigations into two independent sector residential homes. The Trust continues to liaise with the Home Owners, their legal representatives and external agencies in relation to the issues identified.

However, new case management procedures were introduced in the Trust as part of the learning outcomes from these investigations. These procedures were introduced in February 2015 and have been embedding. An audit of compliance was conducted in 15/16 by Internal Audit and limited assurance provided to the Trust. The areas identified for improvement will be taken forward under normal business arrangements.

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

A number of governance matters arising in prior years are still considered to represent internal governance divergences for 2015/16. These are as follows:

#### **Contract & Procurement Management**

##### **Estates**

The appropriate procurement of Service and Maintenance contracts, which are within the scope of the Centre of Procurement Excellence (CoPE), has been an area of concern for a number of years.

A new HSC regional model, involving both BSO Procurement and Logistics Service (PaLS) and Trust Estates teams has been agreed during 2015/16 to address this procurement need and to ensure compliance with procurement legislation and guidelines. The establishment of this model is being overseen by a Regional Estates Procurement Group.

It is envisaged that it will take approximately five years to establish this model in full across both BSO PaLS and Trusts.

In the interim, the Trust continues to manage the associated risks by ensuring the provision of appropriate training to Estates staff, the use of robust procedures and direct award contracts as appropriate and regular monitoring and review.

Estates Contracts were the subject of Internal Audit in 2015/16 and a limited assurance was provided. This report verified that previous audit recommendations in this area had been largely implemented, however new issues were identified in relation to the management and control of Measured Term Contracts. Management will take forward the recommendations as appropriate.

### **Social Care Procurement**

Progress has been made regionally, with agreement on an approach for the procurement of social care and other specific contracts further to the new 2015 Public Contract Regulations and guidance on the 'Light Touch Regime'. Further guidance is awaited on the scope of the regulation and approach to practical management of social care contracts, particularly those under the agreed threshold.

In 2015/16 the Trust agreed a temporary approach to increase procurement capacity for social care, in the absence of an agreed regional approach, to address priority procurements. A temporary procurement resource established, operating under the influence of the Social Care Procurement Unit, has undertaken a number of procurements related in the main to operational need and strategic change.

The Trust also continues to operate 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 an agreed regional approach for social care procurement.

## **General Contract Management**

Due to lack of resource, the implementation of a central contracts database or improvement in general contract management arrangements/training in the Trust during 2015/16 has not progressed. The Trust continues to highlight this risk of lack of central monitoring and assurance regarding general contract management in the Trust.

Following a prioritisation exercise to manage this risk, the Trust decided that the estates procurement issues were more pressing and therefore worked actively with PaLS and the other Trusts to address these issues. The new arrangements are now active. The Trust continues to periodically remind all contract managers and their Directors of their roles and responsibilities. The establishment of a central contract management team with supporting systems continues to be a priority and as with the estate issue, will be reviewed on a regular basis as further opportunities for managerial / administrative changes arise and open the potential for reinvestment.

## **Estate Risks**

### **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. Performance against this plan will be reviewed in early 2016/17 by an independent specialist.

Installation of a Copper Silver ionisation system for the treatment of water and control of pathogens such as Legionella and Pseudomonas in Craigavon Area Hospital has exhibited success in reducing the instances of positive legionella detections. Based on this, similar systems are being implemented across other hospital sites and facilities and should be operational in early 2016/17.

A Water Safety testing contract was awarded effective from 1 June 2015; however it has been terminated due to under-performance and will be re-procured in 2016/17.

### **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 which continued during 2015/16 were:

**Electrical infrastructure, Craigavon Area Hospital:** The action plan for this area focussed around a three phased approach for low/high voltage works. Only one aspect of this plan remains outstanding: Installation of new NIE High Voltage supply and upgrade of LV/HV infrastructure. The programmed completion date for these works is September 2016.

**Fire Safety:** The internal audit recommendations concerning this area in 2013/14 have been substantially addressed. However a number of fire incidents in 2015/16 have raised concerns and procedures are currently under review to ensure their effectiveness.

**Business Continuity:** Progress continues to be made in Estates to support business continuity. The new electricity supply arrangements for Craigavon Area Hospital are almost complete and a Trust wide telecoms infrastructure upgrade is underway. These initiatives include increased resilience in support of patient services.

## **Estates Staffing**

Trust financial contingency measures in 2014/15 meant that a number of vacancies remained unfilled within the Estates Structure during 2014/15 and 2015/16. The risk associated with these vacancies and the impact upon the service delivered was reflected on the Trust's Corporate Risk Register during the year. Whilst a number of key vacancies were filled in 2015/16, the impact of internal appointments has maintained vacancies at high levels. It is anticipated these vacancies will be filled in early 2016/17, mitigating the risks in this area.

## **Sewage**

The sewage system serving the wards at Craigavon Area Hospital had reached a critical point with frequent blockages leading to bursts and subsequent contamination of patient and support areas. This presented a serious infection control risk; caused disruption to services; and has been reported in the press potentially damaging service user confidence. An extensive sewage pipe replacement programme commenced in August 2015 and involved a carefully coordinated and phased programme of ward decants which was required due to limited decanting provision and Winter Pressures. Works were carried out to the most critical areas. Although a significant amount of works have been completed, thus reducing the risk level, further work and funding is required to complete this programme of work in 2016/17.

## **Fire Safety**

Internal Audit recommendations (2013/14) have now been addressed including the completion of baseline fire risk assessments and the establishment of a review programme. Staff training has increased to approximately 70% and there is an ongoing programme of training for evacuation aids and Fire Extinguishers. A number of fire incidents occurred in 2015/16 relating to hot works on 'built-up felt roofs'. All similar work was suspended until investigations were completed and further robust control measures were introduced (including extended fire watch procedures and the use of Thermal Imaging post works, controlled under Permit). A number of unwanted fire alarm signals caused by contractors (dust etc.) prompted the Trust to develop new procedures aimed at reducing such occurrences.

## **Clinical and Social Care Risks**

### **Inquiry into Hyponatraemia-related Deaths**

The Inquiry into Hyponatraemia-related deaths in five children concluded its public hearings in 2013/14. The Trust contributed to the governance section of the above Inquiry. The Trust will consider the learning points and recommendations from that Inquiry when available and take forward as appropriate.

### **Child Sexual Exploitation/Marshall Inquiry/Safeguarding Board for Northern Ireland (SBNI) Thematic Review**

The Trust fully participated in the Marshall Inquiry and SBNI Thematic Review. The SBNI Thematic Review report was published in December 2015 and action from the review will be taken forward as part of the Safeguarding Board NI Business Plan 2016/17 and Southern Safeguarding Panel Business Plan 2016/17. Following the publication of the Thematic Review, the Trust has completed 4 case management review notifications to the SBNI regarding young people who were subject to the thematic review and suffered significant harm as a result of abuse. These cases will be considered by the SBNI CMR Panel in May 2016. CSE is a standing item on a number of Trust and Regional Fora to ensure appropriate training; improved assessments; interagency working and good governance arrangements.

## **Elective Care**

The Trust continued to have a number of specialty areas with capacity gaps in 2015/16 resulting in the target that the majority of patients should waiting no longer than 9 weeks for an outpatient/diagnostic appointment and 13 weeks for allied health professions and inpatient/day case treatment not being met.



In the absence of recurrent investment in 2015/16, a level of non-recurrent funding was allocated by the HSCB in quarters 3 and 4 to provide additional capacity. As a result a number of time limited areas of performance improvement were demonstrated within elective access times and within the unscheduled care pathway as follows:

- The number of patients waiting less than 9 weeks, for out-patient assessment, increased by 4.4% (1,444 patients), from 35.8% at 31 December 2015 (12,294 patients) to 40.2% at 31 March 2016 (13,738 patients). The number of patients waiting in excess of 18 weeks decreased by 1,373 from 14,736 at 31 December 2015 to 13,363 at 31 March 2016.
- The number of patients waiting in excess of 9 weeks, for diagnostic imaging, decreased by 1,945, from 3,892 at 31 December 2015 to 2,180 at 31 March 2016.
- The number of patients waiting less than 13 weeks, for in-patient/day case treatment, increased by 2.2% (105 patients), from 56.5% at 31 December 2015 (3,892 patients) to 58.7% at 31 March 2016 (3,997 patients). The number of patients waiting in excess of 26 weeks demonstrated a more significant decrease - 344 patients, from 1,709 patients at 31 December 2015 to 1,365 patients at 31 March 2016.
- The Trust demonstrated an improvement in discharge performance for non-complex discharges within 6 hours. Performance at 31 March 2016 demonstrated 95.5% in comparison to 90.9% at 31 December 2015. The Trust further demonstrated improvement in complex discharges within 48 hours. Performance at 31 March 2016 demonstrated 100% in comparison to 90.1% at 31 December 2015.

Despite this time limited improvement, the non-recurrent allocation was insufficient to address the demand in excess of capacity and waits continued to increase. Further, the ability to increase capacity, where funding was available, has been challenged in a number of areas by workforce issues and an inability to continue to flex up short term temporary staffing arrangements in key professional areas. The Trust expects that the position will deteriorate further if no funding is made available for areas with agreed capacity gaps in 2016/17; however it is continuing to work with the HSCB and continues to ensure that available capacity is directed to areas of clinical priority in the first instance.

### **Unscheduled Care**

The Trust continues to be challenged in respect of significant service demand for unscheduled care services on both acute sites and specifically peaks in demand for ED attendances and emergency admissions. Specifically targets were not achieved in 2015/16 in respect of unscheduled care relating to the 4 and 12 hour Emergency Department targets and non-complex discharges from Acute hospitals where unscheduled care has been subject to sustained demand and heightened pressures.

The Trust received funding from the regional task group for unscheduled care to implement a range of measures to improve patient flow in the unscheduled care pathway, including 7 day working models including AHP and social work support to ED, and access to radiology, as well as funding for a dedicated minor injuries stream in ED. These measures have contributed to maintaining performance. However, full effectiveness has been limited mainly by workforce/ recruitment pressures. The Trust will continue to work with the HSCB through the newly formed unscheduled care governance structures to challenge and review current service profile and service design and to test new models of care to support improved performance.

A range of regional and local indicators of quality are in place which provide assurance on safety and quality of services.

## **Financial Risks**

### **Performance of Finance Functions within BSO Shared Services Centres**

The Head of Internal Audit has reviewed the shared services functions provided by BSO as noted on page 47 during 2015/16. Payroll Shared Service has continued to receive a limited assurance throughout 2015/16, showing no improvement in assurance levels from 2014/15. The other finance functions have received a satisfactory assurance.

There have continued to be a number of difficulties experienced with the HRPTS system and Internal Audit have highlighted that improvement is required by BSO Payroll in the areas noted on page 47.

In correspondence from the Interim Chief Executive of BSO, BSO acknowledge that a continued combination of systems in operation between HSC organisations, in relation to the submission of payroll and travel information for payment, and the increased workload associated with this, has reduced the controls within the BSO Payroll process, particularly around the authorisation of transactions.

The Trust Board are disappointed that there remains no improvement in assurance levels in respect of the payroll shared service and that satisfactory assurance has still not been achieved. Whilst BSO management have accepted the recommendations and provided assurance that action plans are in place, this situation continues to present reputational and other difficulties for the Trust.

The Trust will continue to monitor progress at Audit Committee.

## **New Control Issues in 2015/16**

### **Clinical and Social Care Risks**

#### **The Donaldson Report**

In April 2014 a review was undertaken by Sir Liam Donaldson which examined the HSC in its entirety in respect of its openness and transparency; appetite for inquiry and learning; and approach to re-dress and to making amends. The publication of the Donaldson Report 'The Right Time, The Right Place' in January 2015 made a range of recommendations across HSC. In response to the report's recommendations the Minister announced a number of actions in 2015/16 which focus on elements of Clinical & Social Care Governance as follows:

- The use of Serious Adverse Incidents and Adverse Incidents to improve patient safety and reduce risk;
- The deaths of children from natural causes should not be classified as an SAI; and
- The introduction of a regional morbidity and mortality review system.

The Trust is participating in a number of work streams with the DHSSPS, HSCB, RQIA and GAIN in respect to strengthening and modifying our existing incident reporting and investigation processes to maximise learning, highlight risk and improve patient safety both internally within the Trust and across the region. The Child death notification process has been embedded into the Trust's Morbidity and Mortality processes. The Trust is preparing to begin implementation of the regional mortality and morbidity systems in August 2016. Progress will be monitored by the Trust's Governance Committee during 2016/17.

#### **Food safety testing**

In June 2015, the results of routine sampling by an external laboratory detected possible E. Coli 0157 in the kitchen at Craigavon Area Hospital. As a result, the Trust immediately introduced precautionary measures in the interests of public safety at a cost of some £79k. Subsequently, the external laboratory partner recalled the original test results following further investigatory analysis. The Trust is currently working with PaLS and the Directorate of Legal Services regarding the contractual position with this supplier and seeking appropriate compensation. The Trust reviewed its own processes following this incident to ensure their effectiveness.

#### **Recruitment**

Throughout 2015/16, the Trust has experienced difficulties in meeting its demand for recruitment of medical, nursing and GP staff for the provision of high quality and safe services. Whilst the Trust has worked with the HSCB and DHSSPS on a number of

measures to address this, the situation has not been assisted by the existence of internal competition within the HSC for limited staff resources. The Trust will seek to generate discussion with other Trusts, the HSCB and the DHSSPS on how these competitive tensions can be minimised and managed going forward.

### **Emergency Department at Daisy Hill Hospital**

Throughout 2015/16, a Strategic Oversight Group that included representatives from Senior Management Team and senior HSCB Commissioning representatives agreed additional measures to sustain the ED service 24 hours and 7 days a week in Daisy Hill Hospital. This included actions to recruit and stabilise the medical workforce in ED and additional support to junior staff in the ED in the out of hours period, on-going recruitment for Medical staff at all levels offering enhanced terms and conditions, augmented locum cover at middle grade in medicine and surgery out of hours, two additional short stay observation beds opened overnight for patients requiring senior review, appointment of additional Emergency Nurse Practitioners and additional Band 6 Clinical Sisters.

These actions have secured the service to date however there remain significant concerns regarding the sustainability of the current service model.

### **Finance Risks**

#### **Fraud cases**

In 2015/16 there have been 22 reported cases of fraud. Two of these cases have been referred to the PSNI following investigation by the Counter Fraud and Probity Services. One case involves inappropriate claims by an employee and the second, inappropriate claims by a contractor. The Trust is pursuing recovery of losses incurred.

The Trust has a zero tolerance approach to fraud.

All identified actual, suspected and potential frauds are reported to the Audit Committee as a standing agenda item.

#### **BSO Recruitment Shared Services**

Following the roll out of the E-Recruitment system and Recruitment Shared services to a number of other large HSC organisations during 2015/16, issues have emerged regarding the length of time taken to complete the overall recruitment process. The Southern Trust has experienced significant delays in filling vacancies during 2015/16.

Recruitment Shared Services had only developed a limited ability to generate management and performance information from the E-Recruitment system, which has meant that information, has not been available to provide robust evidence of, and reasons for, the delays reported.

The further roll out of recruitment shared services has been put on hold until the current service is stabilised and a formal recovery plan instigated. BSO Senior Management will be monitoring and reviewing progress against this plan weekly, until the service is stabilised.

Internal Audit has provided an unacceptable assurance in 2015/16 as noted on page 47.

BSO management have accepted the recommendations and provided assurance that action plans are in place to assist with the implementation of the recommendations in 2016/17. The Trust will continue to monitor progress at the Audit Committee.

### **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 one unacceptable assurance in the Trust. 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 2015/16.

## REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

Pay progression is determined by an annual assessment of performance. It is the responsibility of the Remuneration and Terms of Service Committee to monitor and evaluate the performance of the Chief Executive ensuring that any discretionary awards in terms of performance related pay are justifiable in light of the Trust's overall performance against the annual Trust Delivery Plan. During 2015/16, emphasis continued to be on patient safety and quality improvement, ministerial targets and financial balance. The Chief Executive in turn is responsible for the assessment of performance of the Senior Executives based on the attainment of individual objectives established at the outset of the year, and for the submission of recommendations to the Remuneration and Terms of Service Committee for its annual review of salaries which are conducted in accordance with the relevant circulars issued by the Department of Health, Social Services and Public Safety.

The levels of performance pay permitted applied by the Remuneration and Terms of Service Committee are prescribed by Department of Health and Social Services and Public Safety. Pay progression as at 1 April 2015 based on performance for Senior Executives in the period 1 April 2014 to 31 March 2015 has been set at 2% for fully acceptable performance for those employed on contracts before 23 December 2008 and 1% (non-consolidated) for those employed on contracts after 23 December 2008. There is no 'Superior Performance Award'. No award is made for unsatisfactory performance. Senior Executive pay ranges have not been increased with effect from 1 April 2015.

During 2015/16, all contracts were permanent and provided for three months' notice for both parties, with the exception of:

- Mrs Paula Clarke, who undertook the role of Interim Chief Executive from 1 April 2015 to 31 March 2016.
- Mrs Aldrina Magwood, who continued to undertake the Director of Performance and Reform on an acting basis during 2015/16.
- Mr Kieran Donaghy, who undertook the role of Temporary Deputy Chief Executive from 1 February 2016 to 31 March 2016.

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	2015/2016				2014/2015			
	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Total £000s	Salary £000s	Bonus/ Performance pay £000s	Benefits in Kind (rounded to nearest £100)	Total £000s
<b>Non-Executive Members</b>								
Mrs R Brownlee (Chair)	25-30	0	0	25-30	25-30	0	0	25-30
Mrs E Mahood	5-10	0	0	5-10	5-10	0	0	5-10
Mrs D Blakely (to 31 December 2015)	5-10	0	0	5-10	5-10	0	0	5-10
Mr E Graham	5-10	0	0	5-10	5-10	0	0	5-10
Mrs H Kelly (to 31 December 2015)	5-10	0	0	5-10	5-10	0	0	5-10
Dr R Mullan	5-10	0	0	5-10	5-10	0	0	5-10
Mrs S Rooney	5-10	0	0	5-10	5-10	0	0	5-10



	2015/2016					2014/2015				
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
Mrs H McCartan (from 15 February 2016)	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	0	0	0	0	0
Ms E Mullan (from 15 February 2016)	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	0	0	0	0	0
Mr J Wilkinson (from 15 February 2016)	0-5 (5-10 full year equivalent)	0	0	0	0-5 (5-10 full year equivalent)	0	0	0	0	0
<b>Executive Members</b>										
Mrs P Clarke – Interim Chief Executive (from 1 April 2015 to 31 March 2016)	95-100	0	0	110	205-210	75-80	0	0	66	140-145
Mrs M McAlinden - Chief Executive (Resigned 31 March 2015)	0	0	0	0	0	100-105	0	0	20	120-125
Mr S McNally - Director of Finance & Procurement	90-95	0	0	N/A	90-95	90-95	0	0	18	105-110

	2015/16					2014/15				
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
Dr J Simpson - Medical Director (to 31 July 2015)	30-35 (100-105 full year equivalent)	0	0	N/A	30-35 (100-105 full year equivalent)	165-170	0	0	(7)	155-160
Dr R Wright – Medical Director (from 1 July 2015)	75-80 (100-105 full year equivalent)	0	0	125 (166 full year equivalent)	200-205 (265-270 full year equivalent)	0	0	0	0	0
Mr P Morgan - Director of Children & Young People's Services	75-80	0	0	8	80-85	75-80	0	0	15	85-90
Mr F Rice – Director of Mental Health & Disability Services & Executive Director of Nursing & AHPs	100-105	0	0	38	135-140	95-100	0	0	27	120-125
<b>Other Members</b>										
Mr K Donaghy - Director of Human Resources & Organisational Development (Also temporary Deputy Chief Executive effective from 1 February to 31 March 2016)	85-90	0	0	99	185-190	80-85	0	0	17	95-100

	2015/16					2014/15				
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
Mr M Crilly – Acting Director of Mental Health & Disability Services (to 30 April 2015)	5-10 (70-75 full year equivalent)	0	0	1 (9 full year equivalent)	5-10 (80-85 full year equivalent)	70-75	0	0	8	80-85
Mrs A McVeigh - Director of Older People & Primary Care	80-85	0	0	9	90-95	80-85	0	0	16	95-100
Mrs D Burns - Interim Director of Acute Services (Resigned 31 August 2015)	30-35 (65-70 full year equivalent)	0	0	(2) ((5) full year equivalent)	25-30 (60-65 full year equivalent)	70-75	0	0	13	85-90
Mrs E Gishkori – Director of Acute Services (from 19 August 2015)	46-50 (65-70 full year equivalent)	0	0	32 (47 full year equivalent)	75-80 (120-125 full year equivalent)	0	0	0	0	0
Mrs A Magwood – Acting Director of Performance & Reform (from 1 March 2015)	75-80	0	0	16	90-95	5-10 (65-70 full year equivalent)	0	0	4 (45 full year equivalent)	10-15 (110-115 full year equivalent)

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.

Two Non-Executive Directors came to the end of their term of office in December 2015 and three new Non-Executive Directors were appointed from February 2016.

Senior Executive remuneration stated above includes a pay award for two years – 2013/14 and 2014/15. The comparative figures did not include a pay award for 2013/14 due to the late issue and finalisation of the DHSSPS circular for that year.

## Pensions of Senior Management (Audited)

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

	2015/2016				
Name	Real Increase in pension and related lump sum at age 60 £000s	Total Accrued pension at age 60 and related lump sum £000s	CETV at 31/03/15 £000s	CETV at 31/03/16 £000s	Real Increase in CETV £000s
<b>Executive Members</b>					
Mrs P Clarke – Interim Chief Executive (from 1 April 2015 to 31 March 2016)	5-7.5 plus 12.5-15 lump sum	25-30 plus 85-90 lump sum	415	519	89
Mrs M McAlinden - Chief Executive(Resigned 31 March 2015)	0	0	0	0	0
Mr S McNally - Director of Finance & Procurement <b>Note 1</b>	0	0	0	0	0
Dr J Simpson - Medical Director (to 31 July 2015) <b>Note 2</b>	0	0	0	0	0
Dr R Wright – Medical Director (from 1 July 2015)	7.5-10 plus 22.5-25 lump sum	50-55 plus 160-165 lump sum	182	1,069	155
Mr P Morgan – Director of Children & Young People's Services	0-2.5 plus 0-2.5 lump sum	30-35 plus 90-95 lump sum	661	703	18

	2015/16				
Name	Real Increase in pension and related lump sum at age 60 £000s	Total Accrued pension at age 60 and related lump sum £000s	CETV at 31/03/15 £000s	CETV at 31/03/16 £000s	Real Increase In CETV £000s
Mr F Rice – Director of Mental Health & Disability Services & Executive Director of Nursing & AHPs	0-2.5 plus 7.5 lump sum	40-45 plus 125-130 lump sum	716	781	40
<b>Other Members</b>					
Mr K Donaghy - Director of Human Resources & Organisational Development (Also temporary Deputy Chief Executive effective from 1 February to 31 March 2016)	2.5-5 plus 12.5-15 lump sum	40-45 plus 125-130 lump sum	846	986	109
Mr M Crilly – Acting Director of Mental Health & Disability Services (to 30 April 2015)	0-2.5 plus 0-2.5 lump sum	30-35 plus 90-95 lump sum	597	634	16
Mrs A McVeigh – Director of Older People & Primary Care	0-2.5 plus 2.5-5 lump sum	35-40 plus 105-110 lump sum	709	752	18
Mrs D Burns - Interim Director of Acute Services (Resigned 31 August 2015)	0-2.5 plus (0-2.5) lump sum	15-20 plus 50-55 lump sum	252	264	4
Mrs E Gishkori – Director of Acute Services (from 19 August 2015)	0-2.5 plus 5-7.5 lump sum	10-15 plus 40-45 lump sum	212	261	43
Mrs A Magwood – Acting Director of Performance & Reform	0.2-5 plus (0-2.5) lump sum	15-20 plus 50-55 lump sum	276	297	12

Note 1: Mr S McNally is beyond the threshold for calculation of CETV, so this is not applicable in 2015/16.

Note 2: Dr J Simpson retired during the year. No CETV is disclosed for Pensioners.

Mrs P Clarke resigned her post as Interim Chief Executive with effect from 31 March 2016.

Mr K Donaghy was temporary Deputy Chief Executive from 1 February to 31 March 2016.

Dr J Simpson, Medical Director, retired in July 2015. Dr R Wright commenced as Medical Director from July 2015.

Mrs D Burns Interim Director of Acute Services resigned with effect from 31 August 2015.

Mrs E Gishkori was appointed to the post of Director of Acute Services from 19 August 2015.

Mr M Crilly was Acting Director of Mental Health & Disability Services to the 30 April 2015.

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.

## **Staff Report (Audited)**

The Trust employs 14,702 staff with 78.5% of staff providing direct hands on care to patients and clients. This figure includes staff with more than one job position.

14% of employees are male (1,680 headcount) and 86% are female (10,253 headcount). These figures include bank, staff on employment breaks and staff seconded out of the Trust. Of the nine Directors (including the Chief Executive) within the Trust at 31 March 2016, 5 are male and 4 are female.

### **Staff sickness and absenteeism**

The cumulative sickness and absenteeism rate for the Trust as at 31 January 2016 was 5.27%.

### **Employee Policies**

The Trust's Joint Consultative & Negotiating Forum is committed to the involvement of staff at all levels in shaping service delivery and being part of the decision making which affects their working lives and the delivery of health and social care. Significant efforts have been made by the Trust and the Trade Unions to develop a partnership working approach to how business is conducted. The Trust's Partnership Agreement sets out the approach to partnership working and a clear set of values to promote a culture of involvement. This partnership approach has continued to develop across all directorates and clearly has resulted in staff and management working together to deliver a number of very significant change initiatives and service reforms over the past number of years. A Staff Involvement Framework is in place to govern how the Trust involves staff in decisions that affect them through a range of processes, procedures and initiatives to develop a consistent approach to involving staff.

Significant work is on-going across the Trust to continually improve services for patients and clients, and a key focus with many of these improvement initiatives is the involvement of staff who work day by day within the services. Many of these improvement initiatives are reported and showcased in the Trust's Continuous Improvement Newsletters prepared by the Directorate of Performance & Reform, which are distributed via global email.

The Trust has in place an Equal Opportunity Policy which emphasises its continuing commitment to the provision of equality of opportunity. The scope of the current policy covers age, marital or civil partnership status, sex, sexual orientation, gender reassignment, religious belief, political opinion, race (including colour, nationality, ethnic



or national origins, or being an Irish Traveller), disability, pregnancy or maternity leave and with/without dependants. Key achievements during the year included mainstreaming equality, disability and human rights considerations within policy development and decision making processes; participation in a regional workshop on 'HSC Procurement, Commissioning and Planning' - ensuring a human rights, equality and disability perspective is embedded in good procurement practice and contracts management; supporting deployment of an IT portal to ensure the timely and cost effective use of qualified interpreters for all service users and revision of an information booklet on access to health and social care services.

The Trust also recognises that attention needs to be given to the position of people with disabilities in the service and it is for this reason that the Trust also has a Policy on the Employment of People with Disabilities in place. This Policy takes account of the Disability Discrimination Act 1995 (the DDA), as amended. In developing this policy, the Trust has taken account of its duty under Section 49A of the DDA (as amended), which requires the Trust, when carrying out its functions, to have due regard to the need to promote positive attitudes towards people with disabilities and the need to encourage their participation in public life.

## Staff Costs and Numbers

### Staff costs comprise:

	2016		2015	
Staff costs comprise:	Permanently employed staff £000s	Others £000s	Total £000s	Total £000s
Wages and salaries	288,012	15,576	303,588	296,485
Social security costs	19,034	1,200	20,234	18,965
Other pension costs	37,713	166	37,879	29,936
<b>Sub-Total</b>	<b>344,759</b>	<b>16,942</b>	<b>361,701</b>	<b>345,386</b>
Capitalised staff costs	(339)	0	(339)	(319)
<b>Total staff costs reported in Statement of Comprehensive Expenditure</b>	<b>344,420</b>	<b>16,942</b>	<b>361,362</b>	<b>345,067</b>
Less recoveries in respect of outward secondments			(252)	(498)
<b>Total net costs</b>			<b>361,110</b>	<b>344,569</b>
			<b>£000s</b>	<b>£000s</b>
Southern HSC Trust			361,110	344,569
<b>Total</b>			<b>361,110</b>	<b>344,569</b>

Staff Costs exclude £339k charged to capital projects during the year (2015: £319k).

## Pension Liabilities

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 certified in February 2015 and is used in the 2015/16 accounts.

The accounting treatment of pension liabilities is explained in Note 1.19 of the annual accounts on page 102.

## Retirements due to ill-health

During 2015/16 there were 19 early retirements from the Trust (2014/15: 13), agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £10k (2014/15: £12k). These costs are borne by the HSC Pension Scheme.

## Median Remuneration

	2015/16	2014/15
Band of Highest Paid Director's Total Remuneration ( <b>£000s</b> )	155-160	165-170
Median Total Remuneration (based on paid salary)	£29,300	£29,079
Ratio	5.4	5.8

The median reflects the aggregation of earnings where staff have multiple contracts.

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, excluding the highest paid director.

In 2015/16, 27 (2014/15: 18) employees received remuneration in excess of the highest paid director. Remuneration ranged from £155k to £285k (2014/15: £165k to £250k). 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 2015/16 and 2014/15 the most highly paid Director was the Medical Director.

## Average Number of Persons Employed

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

	2016			2015
	Permanently employed staff	Others	Total	Restated
	No.	No.	No.	Total
Medical and dental	638	71	709	670
Nursing and midwifery	3,386	32	3,418	3,232
Professions allied to medicine	1,070	9	1,079	1,045
Ancillaries	713	141	854	787
Administrative & clerical	1,612	50	1,662	1,626
Estates & Maintenance	104	0	104	101
Social services	1,198	5	1,203	1,158
Domiciliary/Homecare Workers	875	0	875	920
<b>Total average number of persons employed</b>	<b>9,596</b>	<b>308</b>	<b>9,904</b>	<b>9,539</b>
Less average staff number relating to capitalised staff costs	(7)	0	(7)	(8)
Less average staff number in respect of outward secondments	(4)	0	(4)	(11)
<b>Total net average number of persons employed</b>	<b>9,585</b>	<b>308</b>	<b>9,893</b>	<b>9,520</b>

Of which:

Southern HSC Trust	9,893
Charitable Trust Fund	0
	<b>9,893</b>

A number of minor changes have been made to the numbers of staff disclosed within categories in 2015 to correct classifications.

**Number of Senior Staff by Band (Assistant Director and above but excluding Senior Management)**

<b>Gender Breakdown by Earnings Range 2015/16 – Senior Staff (Assistant Director and above)</b>			
Earnings Range £'000	Female	Male	Total
95-100	1	0	1
65-70	14	8	22
60-65	2	1	3
55-60	4	0	4
45-50	0	1	1
40-45	0	1	1
30-35	1	0	1
15-20	2	6	8
<b>Total</b>	<b>24</b>	<b>17</b>	<b>41</b>

<b>Gender Breakdown by Earnings Range 2014/15 – Senior Staff (Assistant Director and above)</b>			
Earnings Range £'000	Female	Male	Total
95-100	1	0	1
65-70	13	9	22
60-65	3	0	3
55-60	5	0	5
40-45	0	2	2
30-35	1	0	1
15-20	2	6	8
<b>Total</b>	<b>25</b>	<b>17</b>	<b>42</b>

The earnings rates disclosed above are *pro rata*: not all individuals work full-time.

Associate Medical Directors (AMD) receive an allowance in addition to earnings from clinical duties; AMD additional allowance only is included in above.

**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	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
<£10,000	0	0	6	0	6	0
£10,001- £25,000	0	0	4	0	4	0
£25,001- £50,000	0	0	1	0	1	0
£50,001- £100,000	0	0	3	2	3	2
<b>Total number of exit packages</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>2</b>	<b>14</b>	<b>2</b>

	£000s	£000s	£000s	£000s	£000s	£000s
<b>Total Resource Cost</b>	<b>0</b>	<b>0</b>	<b>289</b>	<b>182</b>	<b>289</b>	<b>182</b>

<b>Total Number of Exit Packages by Types</b>		
	<b>2015/16</b>	<b>2014/15</b>
Change of Management	0	2
Voluntary Exit Scheme	14	0
<b>Total</b>	<b>14</b>	<b>2</b>

The above exit costs of £289k (2014/15: £182k) are reflected in Note 3.2 of the Annual Accounts within operating expenses.

The exit packages in 2015/16 which impact net expenditure represent voluntary leavers as a consequence of the HSC Voluntary Exit Scheme.

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.

### **Staff Benefits**

There were no staff benefits in 2015/16 or 2014/15.

### **Trust Management Costs**

	<b>2016</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>
Trust management costs	21,066	20,905
<b>Income:</b>		
RRL	576,154	565,143
Income	39,224	38,656
Non cash RRL for movement in clinical negligence provision	(16,120)	(6,089)
Less interest receivable	(1)	(2)
<b>Total Income</b>	<b>599,257</b>	<b>597,708</b>
<b>% of total income</b>	<b>3.5%</b>	<b>3.5%</b>

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

### **Expenditure on Consultancy**

The Trust did not incur expenditure on external consultancy during 2015/16.

### **Off Payroll Engagements**

The Trust is required 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 2015/16 and 2014/15 is shown below:

	<b>2015/16</b>		<b>2014/15</b>
	<b>Number of staff</b>		<b>Number of staff</b>
Off Payroll Staff as 1st April 2015	10	Off Payroll Staff as 1st April 2014	11
New engagements during the year	9	New engagements during the period	1
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	(7)	Number of engagements that have come to an end during the year	(2)
<b>Off payroll staff as at 31 March 2016</b>	<b>12</b>	<b>Off payroll staff as at 31 March 2015</b>	<b>10</b>

The current contract for medical agency is in place following a procurement exercise carried out before 1 October 2014.

## **ACCOUNTABILITY AND AUDIT REPORT**

### **Compliance with regularity of expenditure guidance**

The Trust Management Statement (MS) and the Financial Memorandum (FM) which exists between the DHSSPS and the Trust, outlines the framework in which the Trust will operate and details certain aspects of financial provisions which the Trust will observe.

The discharge of the responsibilities within the MS/FM is supported by the Standing Financial Instructions (SFIs) of the Trust. These were updated during the year and approved by Trust Board in October 2015.

The Standing Financial Instructions are the “business rules” that Directors and employees must follow when acting on behalf of the Trust. They outline the key financial responsibilities which apply to everyone working for the Trust and are mandatory. SFIs are then further supported by finance policies and detailed financial procedures which must be kept up to date with DHSSPS circulars as appropriate. This overall framework is designed to ensure that the Trust has assurance that the income and expenditure recorded in its financial statements have been applied to the purposes as intended by the NI Assembly and the financial transactions recorded in the financial statements of the Trust conform to the authorities which govern them.

Both Internal Audit and External Audit provide an independent assessment of the Trust’s adherence to this framework of financial governance and control, with the External Auditor providing an annual opinion on regularity within the certified financial statements of the Trust. The External Auditor’s opinion on regularity for 2015/16 is unqualified.

### **Formal Complaints Management**

To help the Trust identify areas in which it needs to improve we welcome all comments and complaints regarding our services. Information about how you can make a complaint is explained in our “We Value Your Views” leaflet on the Southern Trust website. We recognise that at times, patients, families and carers may have concerns about their care or treatment. We are committed to engage with patients and their families to ensure that we learn from their experiences.

The total number of complaints received for the period 1 April 2015 – 31 March 2016 was 1,045.

The Trust uses issues raised through the complaints process as an important source of information for safety and quality improvement. This information informs learning and development and is fed back to staff involved. Within the Trust it is the responsibility of all Trust Directors, Assistant Directors, Heads of Service and Senior Managers to utilise



the information and trends from their complaints to ensure learning and development and to monitor learning. Complaint reports are shared at Senior Management Governance meetings, Governance Committee meetings and Directorate meetings to highlight complaint themes across the Trust to ensure improvement and learning takes place.

### **Statement of Losses and Special Payments recognised in the year**

Losses and special payments are items of expenditure that the NI Assembly would not have contemplated when it agreed funding to the Trust. They are subject to special controls and procedures and require specific approval in accordance with limits set by the DHSSPS. The limit delegated to the Trust, for approval of losses, differs depending on the type of loss but all losses and special payments, irrespective of value, require approval by the Trust Board. Losses over a particular threshold require approval by the DHSSPS.

Losses and special payments are reported to the Audit Committee for review and to Trust Board for approval annually. They are audited as part of the audit of the Annual Accounts.

## Statement of Losses and Special Payments recognised in the year (continued)

Type of Loss and Special Payment	2015/16		2014/15 Restated	
	CASES	£	CASES	£
<b>Cash Losses</b>				
Cash Losses – Other causes	6	5,168	95	7,208
<b>Claims abandoned</b>				
Waived or abandoned claims	0	0	3	54,679
<b>Administrative write-offs</b>				
Bad debts	821	346,354	394	223,305
<b>Fruitless payments</b>				
Late Payment of Commercial Debt	5	553	9	365
Other Fruitless payments and constructive losses	2	65,183	2	1,719
	<b>7</b>	<b>65,736</b>	<b>11</b>	<b>2,084</b>
<b>Stores Losses</b>				
Losses of accountable stores through any deliberate act	0	0	1	1,800
Other stores losses (Note 1)	919	31,830	4,892	65,598
	<b>919</b>	<b>31,830</b>	<b>4,893</b>	<b>67,398</b>
<b>Special Payments</b>				
Compensation payments				
- Clinical Negligence	85	2,015,585	89	6,911,848
- Public Liability	11	106,984	17	101,395
- Employers Liability	28	198,048	32	459,081
- Other	1	1,300	0	0
	<b>125</b>	<b>2,321,917</b>	<b>138</b>	<b>7,472,324</b>
<b>Ex-gratia payments</b>	<b>4</b>	<b>3,999</b>	<b>5</b>	<b>3,571</b>
<b>TOTAL (Note 2)</b>	<b>1,882</b>	<b>2,775,004</b>	<b>5,539</b>	<b>7,830,569</b>

**Note 1:** The number of cases of other stores losses was omitted in 2014/15.

**Note 2:** Eight of the above losses, which range from £12,539 to £64,383, require DHSSPS approval. Seven of these are in respect of debts relating to deceased clients and / or statute barred cases. One loss (£64k) is in respect of costs incurred in activating the Trust's catering contingency plan on receipt of independent microbiological food testing information which was inaccurate. The total loss, inclusive of £15k lost income, was £79k as referenced on page 58 however only the costs involved are reflected in the statement above.

## Losses and Special Payments over £250,000

Losses and Special Payments over £250,000	2015/16		2014/15	
	Number of Cases	£	Number of Cases	£
Special Payments Clinical Negligence Cases	2	614,835	3	2,989,600
<b>TOTAL</b>	<b>2</b>	<b>614,835</b>	<b>3</b>	<b>2,989,600</b>

There were 2 clinical negligence cases on which payments recognised in the year exceeded £250,000 – one of £425k, the second £289k.

## Gifts made over limits in Managing Public Money Northern Ireland

The Trust made no gifts in 2015/16.

## Remote Contingent Liabilities

In addition to Contingent Liabilities reported within the meaning of IAS37, (included in the Annual Accounts Note 21), the Southern HSC Trust also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of Contingent Liability. There are no remote contingent liabilities of which the Trust is aware.

Signed:

*Francis Rice*

**Mr Francis Rice**

**Accounting Officer**

Date:

*9/6/16*

## **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 2016 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 and Staff Report and Accountability and Audit Report within the Accountability 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 2016 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 (formerly Department of Health, Social Services and Public Safety) directions issued thereunder.

### **Opinion on other matters**

In my opinion:

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

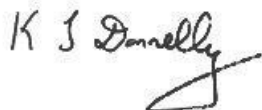
### **Matters on which I report by exception**

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 parts of the Remuneration and Staff Report and Accountability and Audit 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's (formerly Department of Finance and Personnel) 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*

24<sup>th</sup> June 2016

# **SOUTHERN HEALTH AND SOCIAL CARE TRUST**

## **Annual Accounts for the Year Ended 31 March 2016**

### **FOREWORD**

These accounts for the year ended 31 March 2016 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 HSC Trust**


**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**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 87 to 142 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)

Date

  
09/03/2016

I certify that the annual accounts set out in the financial statements and notes to the accounts pages 87 to 142 as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

  
Chair (Southern HSC Trust)

Date 09/06/2016.

  
Interim Chief Executive (Southern HSC Trust)

Date 9/6/16

## SOUTHERN HSC TRUST

### CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2016

	NOTE	2016			2015		
		Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>Income</b>							
Income from activities	4.1	29,483	0	29,483	27,972	0	27,972
Other Operating Income	4.2	9,741	298	10,039	10,682	241	10,923
		39,224	298	39,522	38,654	241	38,895
<b>Expenditure</b>							
Staff costs	3.1	(361,362)	0	(361,362)	(345,067)	0	(345,067)
Purchase of Goods and Services	3.2	(160,864)	(29)	(160,893)	(157,218)	(23)	(157,241)
Depreciation, amortisation and impairment charges	3.2	(15,213)	0	(15,213)	(38,188)	0	(38,188)
Provision Expense	3.2	(16,789)	0	(16,789)	(6,610)	0	(6,610)
Other Expenditures	3.2	(61,013)	(404)	(61,417)	(56,675)	(238)	(56,913)
<b>Total Operating Expenditure</b>		<b>(615,241)</b>	<b>(433)</b>	<b>(615,674)</b>	<b>(603,758)</b>	<b>(261)</b>	<b>(604,019)</b>
<b>Net Operating Expenditure</b>		<b>(576,017)</b>	<b>(135)</b>	<b>(576,152)</b>	<b>(565,104)</b>	<b>(20)</b>	<b>(565,124)</b>
Finance Income	4.2	1	125	126	2	109	111
Finance Expense	3.2	(1)	0	(1)	0	0	0
<b>Net Expenditure for the year</b>		<b>(576,017)</b>	<b>(10)</b>	<b>(576,027)</b>	<b>(565,102)</b>	<b>89</b>	<b>(565,013)</b>
Revenue Resource Limit (RRL)	24.1	576,154	0	576,154	565,143	0	565,143
Add back charitable trust fund net expenditure		0	10	10	0	(89)	(89)
<b>Surplus against RRL</b>		<b>137</b>	<b>0</b>	<b>137</b>	<b>41</b>	<b>0</b>	<b>41</b>

#### OTHER COMPREHENSIVE EXPENDITURE

##### Items that will not be reclassified to net operating costs:

Net gain/(loss) on revaluation of property, plant and equipment	5.1/ 8/ 5.2/ 8	11,830	0	11,830	(5,115)	0	(5,115)
Net gain/(loss) on revaluation of intangibles	6.1/ 8/ 6.2/ 8	0	0	0	0	0	0
Net (loss)/gain on revaluation of charitable assets	7	0	(174)	(174)	0	167	167

##### 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
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#### **TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2016**

		<b>(564,187)</b>	<b>(184)</b>	<b>(564,371)</b>	<b>(570,217)</b>	<b>256</b>	<b>(569,961)</b>
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The notes on pages 91 to 142 form part of these accounts.



# SOUTHERN HSC TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2016

	NOTE	2016		2015	
		Trust £000s	Consolidated £000s	Trust £000s	Consolidated £000s
<b>Non Current Assets</b>					
Property, plant and equipment	5.1/5.2	304,076	304,076	284,328	284,328
Intangible assets	6.1/6.2	0	0	69	69
Financial assets	7.0	0	2,671	0	2,845
Trade and other receivables	12.0	694	694	906	906
<b>Total Non Current Assets</b>		<b>304,770</b>	<b>307,441</b>	<b>285,303</b>	<b>288,148</b>
<b>Current Assets</b>					
Assets classified as held for sale	9.0	1,381	1,381	1,108	1,108
Inventories	10.0	2,987	2,987	2,880	2,880
Trade and other receivables	12.0	13,532	13,600	15,771	15,834
Other current assets	12.0	3,035	3,035	4,526	4,526
Financial assets	7.0	0	0	0	0
Cash and cash equivalents	11.0	1,184	1,416	1,575	1,750
<b>Total Current Assets</b>		<b>22,119</b>	<b>22,419</b>	<b>25,860</b>	<b>26,098</b>
<b>Total Assets</b>		<b>326,889</b>	<b>329,860</b>	<b>311,163</b>	<b>314,246</b>
<b>Current Liabilities</b>					
Trade and other payables	13.0	(68,267)	(68,383)	(65,756)	(65,800)
Provisions	15.0	(7,439)	(7,439)	(5,231)	(5,231)
<b>Total Current Liabilities</b>		<b>(75,706)</b>	<b>(75,822)</b>	<b>(70,987)</b>	<b>(71,031)</b>
<b>Total Assets Less Current Liabilities</b>		<b>251,183</b>	<b>254,038</b>	<b>240,176</b>	<b>243,215</b>
<b>Non Current Liabilities</b>					
Provisions	15.0	(35,673)	(35,673)	(23,888)	(23,888)
<b>Total Non Current Liabilities</b>		<b>(35,673)</b>	<b>(35,673)</b>	<b>(23,888)</b>	<b>(23,888)</b>
<b>Total Assets less Total Liabilities</b>		<b>215,510</b>	<b>218,365</b>	<b>216,288</b>	<b>219,327</b>
<b>Taxpayers' Equity</b>					
Revaluation reserve		47,080	47,080	34,585	34,585
SoCNE reserve		168,430	168,430	181,703	181,703
Other reserves - charitable fund		0	2,855	0	3,039
<b>Total Equity</b>		<b>215,510</b>	<b>218,365</b>	<b>216,288</b>	<b>219,327</b>

The notes on pages 91 to 142 form part of these accounts.

Signed  (Chairman)

Date: 09/06/16

Signed  (Interim Chief Executive)

Date: 9/6/16

## SOUTHERN HSC TRUST

### CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	NOTE	SoCNE Reserve £000s	Revaluation Reserve £000s	Charitable Fund £000s	Total £000s
<b>Balance at 1 April 2014</b>		<b>183,158</b>	<b>40,540</b>	<b>2,783</b>	<b>226,481</b>
<b>Changes in Taxpayers Equity 2014-15</b>					
Grant from DHSSPS		562,750	0	0	562,750
Transfers between reserves		840	(840)	0	0
(Comprehensive expenditure for the year)		(565,102)	(5,115)	256	(569,961)
Transfer of asset ownership		0	0	0	0
Non cash charges - auditors remuneration	3.2	57	0	0	57
<b>Balance at 31 March 2015</b>		<b>181,703</b>	<b>34,585</b>	<b>3,039</b>	<b>219,327</b>
<b>Changes in Taxpayers Equity 2015-16</b>					
Grant from DHSSPS		563,350	0	0	563,350
Transfers between reserves		(665)	665	0	0
(Comprehensive expenditure for the year)		(576,017)	11,830	(184)	(564,371)
Non cash charges - auditors remuneration	3.2	59	0	0	59
<b>Balance at 31 March 2016</b>		<b>168,430</b>	<b>47,080</b>	<b>2,855</b>	<b>218,365</b>

The notes on pages 91 to 142 form part of these accounts.

# SOUTHERN HSC TRUST

## CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 MARCH 2016

	NOTE	2016 £000s	2015 £000s
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(576,027)	(565,013)
Adjustments for non cash costs		32,057	44,688
Decrease/(Increase) in trade and other receivables		3,937	(1,458)
(Increase)/Decrease in inventories		(107)	180
Increase/(Decrease) in trade payables		2,583	(16,210)
<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		(1,314)	11,860
Use of provisions	15	(2,796)	(7,756)
<b>Net cash outflow from operating activities</b>		(541,667)	(533,709)
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	5	(22,126)	(29,956)
Proceeds of disposal of property, plant & equipment		109	169
Proceeds on disposal of assets held for resale		0	130
Drawdown from investment fund		0	100
Share of income reinvested		174	(167)
<b>Net cash outflow from investing activities</b>		(21,843)	(29,724)
<b>Cash flows from financing activities</b>			
Grant in aid		563,350	562,750
Movement in Charitable Trust Funds		(174)	167
<b>Net financing</b>		563,176	562,917
<b>Net (decrease) in cash &amp; cash equivalents in the period</b>		(334)	(516)
<b>Cash &amp; cash equivalents at the beginning of the period</b>	11	1,750	2,266
<b>Cash &amp; cash equivalents at the end of the period</b>	11	<b>1,416</b>	<b>1,750</b>

The notes on pages 91 to 142 form part of these accounts.

# **SOUTHERN HSC TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

### **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 2016**

- 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 (RICS) Valuation - Professional Standards in so far as these are consistent with the specific needs of the HSC.

The last valuation was carried out on 31 January 2015 by Land and Property Services (LPS) which is part of 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 Arm’s Length Body (ALB) 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.

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.

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

Fair values are determined as follows:

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

#### **Modern Equivalent Asset**

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

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

#### 1.4 Depreciation

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

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

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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.

#### **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



## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

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

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

#### **1.8 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.

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1.9 Inventories**

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

#### **1.10 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.

#### **1.11 Investments**

The Trust does not have any investments.

#### **1.12 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.

#### **1.13 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.

#### **1.14 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

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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.

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.

#### **1.15 Private Finance Initiative (PFI) Transactions**

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

#### **1.16 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,

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

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.

- **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.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

- **Credit risk**

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

- **Liquidity risk**

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

#### 1.17 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 -1.55% (negative real rate) for 1 year up to and including 5 years, -1.00% (negative real rate) after year 5 up to 10 years and -0.80% in real terms for 10 years or more (+1.37% 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 effect 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

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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.

#### **1.18 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.

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1.19 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 2015. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

##### **Retirement Benefit Costs**

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

The Trust participates in the HSC Pension 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 Pension Scheme can be found in the HSC Pension 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. The 2012 valuation for the HSC Pension Scheme will be used in the 2015/16 accounts.

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1.20 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.

#### **1.21 Value Added Tax**

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

#### **1.22 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.

#### **1.23 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.



## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1.24 Losses and Special Payments**

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for the HSC or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had HSC Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

#### **1.25 Charitable Trust Account Consolidation**

In accordance with IAS 27, the Trust consolidates the accounts of the SHSCT Charitable Trust Funds with the Trust's financial statements. 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, donated 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.

#### **1.26 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 are effective with EU adoption from 1 January 2014.

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, which

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

Management considers that any other new accounting standards 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 2016

#### NOTE 2 ANALYSIS OF NET EXPENDITURE BY SEGMENT

<u>Directorate</u>	2016			2015		
	Staff Costs £000s	Other Expenditure £000s	Total Expenditure £000s	Staff Costs £000s	Other Expenditure £000s	Total Expenditure £000s
Children's Services	53,609	20,129	73,738	49,138	20,239	69,377
Acute Hospital Services	164,619	64,225	228,844	154,028	63,528	217,556
Older People's Services	69,736	83,210	152,946	64,674	80,370	145,044
Mental Health and Disability Services	55,270	42,175	97,445	52,129	40,443	92,572
Planning, Performance Management and Support Services	18,128	12,083	30,211	25,098	9,423	34,521
<b>Expenditure for Reportable Segments net of Non Cash Expenditure</b>	<b>361,362</b>	<b>221,822</b>	<b>583,184</b>	<b>345,067</b>	<b>214,003</b>	<b>559,070</b>
<b>Non Cash Expenditure</b>			32,057			44,688
<b>Total Expenditure per Net Expenditure Account</b>			615,241			603,758
<b>Income Per Net Expenditure Account</b>			39,224			38,656
<b>Net Expenditure</b>			576,017			565,102
<b>Revenue Resource Limit</b>			576,154			565,143
<b>Surplus against RRL</b>			<b>137</b>			<b>41</b>

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 2016

### 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 Health and Care Centre, 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

#### Planning, Performance Management and Support Services

- Office of the Chief Executive, including Trustwide Communication Team
- Finance and Procurement Directorate
- Human Resource Directorate, (including Health & Safety, Occupational Health and Estates)
- Performance & Reform (IT, 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 2016

#### NOTE 3 STAFF COSTS AND OPERATING EXPENSES

3.1 Staff Costs	2016			2015
Staff costs comprise:	Permanently employed staff £000s	Others £000s	Total £000s	Total £000s
Wages and salaries	288,012	15,576	303,588	296,485
Social security costs	19,034	1,200	20,234	18,965
Other pension costs	37,713	166	37,879	29,936
<b>Sub-Total</b>	<b>344,759</b>	<b>16,942</b>	<b>361,701</b>	<b>345,386</b>
Capitalised staff costs	(339)	0	(339)	(319)
<b>Total staff costs reported in Statement of Comprehensive Expenditure</b>	<b>344,420</b>	<b>16,942</b>	<b>361,362</b>	<b>345,067</b>
Less recoveries in respect of outward secondments			(252)	(498)
<b>Total net costs</b>			<b>361,110</b>	<b>344,569</b>
			<b>£000s</b>	<b>£000s</b>
Southern HSC Trust			361,110	344,569
<b>Total</b>			<b>361,110</b>	<b>344,569</b>

Staff Costs exclude £339k charged to capital projects during the year (2015: £319k)

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 certified in February 2015 and is used in the 2015/16 accounts.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 3.2 Operating Expenses

	2016			2015		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>Operating Expenses are as follows:-</b>						
Purchase of care from non-HPSS bodies	105,546	0	105,546	102,507	0	102,507
Revenue grants to voluntary organisations	5,498	0	5,498	5,375	0	5,375
Personal social services	6,445	0	6,445	6,371	0	6,371
Recharges from other HSC organisations	1,645	0	1,645	1,730	0	1,730
Supplies and services - Clinical	43,760	0	43,760	43,029	0	43,029
Supplies and services - General	6,078	0	6,078	6,530	0	6,530
Establishment	11,691	0	11,691	11,032	0	11,032
Transport	2,600	0	2,600	2,619	0	2,619
Premises	28,417	0	28,417	24,347	0	24,347
Bad debts	48	0	48	803	0	803
Rentals under operating leases	960	0	960	835	0	835
Interest charges	1	0	1	0	0	0
BSO services	3,606	0	3,606	3,075	0	3,075
Training	1,187	0	1,187	871	0	871
Professional fees	229	29	258	347	23	370
Patients travelling expenses	378	0	378	445	0	445
Costs of exit packages not provided for	289	0	289	182	0	182
Other charitable expenditure	0	404	404	0	238	238
Miscellaneous expenditure	3,445	0	3,445	3,905	0	3,905

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 3.2 Operating Expenses (continued)

	2016			2015		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>Non cash items</b>						
Depreciation	17,753	0	17,753	16,171	0	16,171
Amortisation	69	0	69	145	0	145
Impairments	(2,609)	0	(2,609)	21,872	0	21,872
(Profit) on disposal of property, plant & equipment (excluding profit on land)	(106)	0	(106)	(179)	0	(179)
Loss on disposal of property, plant & equipment (including land)	102	0	102	12	0	12
Provisions provided for in year	16,832	0	16,832	6,709	0	6,709
Cost of borrowing of provisions (unwinding of discount on provisions)	(43)	0	(43)	(99)	0	(99)
Auditors remuneration	59	5	64	57	6	63
Add back of notional charitable expenditure	0	(5)	(5)	0	(6)	(6)
<b>Total</b>	<b>253,880</b>	<b>433</b>	<b>254,313</b>	<b>258,691</b>	<b>261</b>	<b>258,952</b>

The Southern HSC Charitable Trust Funds Auditors remuneration of £5,000 (2015: £5,750) related solely to the audit, with no other additional work undertaken.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 4 INCOME

	2016			2015		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>4.1 Income from Activities</b>						
GB/Republic of Ireland Health Authorities	367	0	367	309	0	309
HSC Trusts	265	0	265	214	0	214
Non-HSC:- Private patients	436	0	436	376	0	376
Non-HSC:- Other	1,504	0	1,504	1,199	0	1,199
Clients contributions	26,911	0	26,911	25,874	0	25,874
<b>Total</b>	<b>29,483</b>	<b>0</b>	<b>29,483</b>	<b>27,972</b>	<b>0</b>	<b>27,972</b>
<b>4.2 Other Operating Income</b>						
Other income from non-patient services	8,175	0	8,175	9,022	0	9,022
Seconded staff	252	0	252	498	0	498
Charitable and other contributions to expenditure by core trust	725	0	725	830	0	830
Donations / Government grant / Lottery funding for non current assets	395	0	395	130	0	130
Charitable Income received by charitable trust fund	0	298	298	0	241	241
Investment Income	0	125	125	0	109	109
Other Income	194	0	194	202	0	202
Interest Receivable	1	0	1	2	0	2
<b>Total</b>	<b>9,742</b>	<b>423</b>	<b>10,165</b>	<b>10,684</b>	<b>350</b>	<b>11,034</b>
<b>4.3 Deferred Income</b>						
Income released from conditional grants	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INCOME</b>	<b>39,225</b>	<b>423</b>	<b>39,648</b>	<b>38,656</b>	<b>350</b>	<b>39,006</b>



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.1 Consolidated Property, Plant & Equipment Year Ended 31 March 2016

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>									
At 1 April 2015	26,839	190,498	11,828	12,217	53,320	6,438	26,433	950	328,523
Indexation	200	12,264	802	0	638	37	0	5	13,946
Additions	15	11,646	0	6,158	1,889	24	3,302	11	23,045
Donations / Government grant / Lottery funding	0	152	0	0	228	0	15	0	395
Reclassifications	0	16,807	0	(16,849)	42	0	(4)	4	0
Transfers	0	(287)	0	0	0	0	0	0	(287)
Revaluations	114	0	0	0	0	0	0	0	114
Impairment charged to the SoCNE	0	(4,988)	0	0	(655)	0	(1)	(3)	(5,647)
Impairment charged to the revaluation reserve	0	(1,097)	0	0	(98)	0	0	0	(1,195)
Reversal of impairments (indexn)	1,431	6,023	242	0	5	0	0	0	7,701
(Disposals)	0	(5)	0	0	(1,374)	(756)	(1,665)	0	(3,800)
<b>At 31 March 2016</b>	<b>28,599</b>	<b>231,013</b>	<b>12,872</b>	<b>1,526</b>	<b>53,995</b>	<b>5,743</b>	<b>28,080</b>	<b>967</b>	<b>362,795</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2016

	Land	Buildings (excluding dwellings)	Dwellings	Assets under Construction	Plant and Machinery (Equipment)	Transport Equipment	Information Technology (IT)	Furniture and Fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Depreciation</b>									
At 1 April 2015	0	1,277	61	0	30,707	3,318	8,040	792	44,195
Indexation	0	631	30	0	383	21	0	4	1,069
Reclassifications	0	0	0	0	1	0	(1)	0	0
Transfers	0	(14)	0	0	0	0	0	0	(14)
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(4)	0	0	(551)	0	0	0	(555)
Impairment charged to the revaluation reserve	0	(1)	0	0	(33)	0	0	0	(34)
Reversal of Impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(1,278)	(753)	(1,664)	0	(3,695)
Provided during the year	0	8,100	374	0	3,281	688	5,262	48	17,753
At 31 March 2016	<b>0</b>	<b>9,989</b>	<b>465</b>	<b>0</b>	<b>32,510</b>	<b>3,274</b>	<b>11,637</b>	<b>844</b>	<b>58,719</b>
<b>Carrying Amount</b>									
At 31 March 2016	<b>28,599</b>	<b>221,024</b>	<b>12,407</b>	<b>1,526</b>	<b>21,485</b>	<b>2,469</b>	<b>16,443</b>	<b>123</b>	<b>304,076</b>
At 31 March 2015	<b>26,839</b>	<b>189,221</b>	<b>11,767</b>	<b>12,217</b>	<b>22,613</b>	<b>3,120</b>	<b>18,393</b>	<b>158</b>	<b>284,328</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2016

	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
<b>Asset Financing</b>									
Owned	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076
<b>Carrying Amount</b>									
At 31 March 2016	<b>28,599</b>	<b>221,024</b>	<b>12,407</b>	<b>1,526</b>	<b>21,485</b>	<b>2,469</b>	<b>16,443</b>	<b>123</b>	<b>304,076</b>
Of which:									
Southern HSC Trust at 31 March 2016	28,599	221,024	12,407	1,526	21,485	2,469	16,443	123	304,076
Charitable Trust Fund at 31 March 2016	0	0	0	0	0	0	0	0	0
	<b>28,599</b>	<b>221,024</b>	<b>12,407</b>	<b>1,526</b>	<b>21,485</b>	<b>2,469</b>	<b>16,443</b>	<b>123</b>	<b>304,076</b>

Southern HSC Trust at 31 March 2015	26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328
Charitable Trust Fund at 31 March 2015	0	0	0	0	0	0	0	0	0
	<b>26,839</b>	<b>189,221</b>	<b>11,767</b>	<b>12,217</b>	<b>22,613</b>	<b>3,120</b>	<b>18,393</b>	<b>158</b>	<b>284,328</b>

Of which:

Trust	304,076
Charitable Trust Funds	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 (2014/15: £Nil).

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.1 (continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2016

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

	<b>2016</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>
Donations	395	130
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. The last valuation was carried out on 31 January 2015. 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 2016

#### NOTE 5.2 Property, Plant & Equipment Year Ended 31 March 2015

	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
<b>Cost or Valuation</b>									
At 1 April 2014	37,246	245,005	14,492	9,356	51,016	6,696	23,746	935	388,492
Indexation	0	0	0	0	858	0	0	0	858
Additions	0	8,937	0	9,508	3,435	673	7,820	15	30,388
Donations / Government grant / Lottery funding	0	0	0	0	130	0	0	0	130
Reclassifications	0	6,305	0	(6,305)	0	0	0	0	0
Revaluations	(4,873)	(47,428)	(2,183)	0	37	(312)	(9)	0	(54,768)
Impairment charged to the SoCNE	(5,414)	(16,227)	123	(342)	0	0	0	0	(21,860)
Impairment charged to the Revaluation Reserve	(120)	(5,827)	(604)	0	0	0	0	0	(6,551)
Reversal of Impairments (indexn)	0	0	0	0	0	0	0	0	0
(Disposals)	0	(267)	0	0	(2,156)	(619)	(5,124)	0	(8,166)
<b>At 31 March 2015</b>	<b>26,839</b>	<b>190,498</b>	<b>11,828</b>	<b>12,217</b>	<b>53,320</b>	<b>6,438</b>	<b>26,433</b>	<b>950</b>	<b>328,523</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.2 (continued) Property, Plant & Equipment Year Ended 31 March 2015

	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
<b>Depreciation</b>									
At 1 April 2014	4,950	41,480	2,185	0	28,883	3,546	9,243	720	91,007
Indexation	0	0	0	0	503	0	0	0	503
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	(4,950)	(48,124)	(2,500)	0	(45)	(312)	59	0	(55,872)
Impairment charged to the SoCNE	0	0	0	0	0	0	0	0	0
(Disposals)	0	(14)	0	0	(1,888)	(592)	(5,120)	0	(7,614)
Provided during the year	0	7,935	376	0	3,254	676	3,858	72	16,171
At 31 March 2015	<b>0</b>	<b>1,277</b>	<b>61</b>	<b>0</b>	<b>30,707</b>	<b>3,318</b>	<b>8,040</b>	<b>792</b>	<b>44,195</b>
Carrying Amount At 31 March 2015	<b>26,839</b>	<b>189,221</b>	<b>11,767</b>	<b>12,217</b>	<b>22,613</b>	<b>3,120</b>	<b>18,393</b>	<b>158</b>	<b>284,328</b>
At 1 April 2014	<b>32,296</b>	<b>203,525</b>	<b>12,307</b>	<b>9,356</b>	<b>22,133</b>	<b>3,150</b>	<b>14,503</b>	<b>215</b>	<b>297,485</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.2 (continued) Property, Plant & Equipment Year Ended 31 March 2015

	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
<b>Asset Financing</b>									
Owned	26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328
<b>Carrying Amount</b> At 31 March 2015	<b>26,839</b>	<b>189,221</b>	<b>11,767</b>	<b>12,217</b>	<b>22,613</b>	<b>3,120</b>	<b>18,393</b>	<b>158</b>	<b>284,328</b>

#### Asset financing

Owned	32,296	203,525	12,307	9,356	22,133	3,150	14,503	215	297,485
<b>Carrying Amount</b> At 1 April 2014	<b>32,296</b>	<b>203,525</b>	<b>12,307</b>	<b>9,356</b>	<b>22,133</b>	<b>3,150</b>	<b>14,503</b>	<b>215</b>	<b>297,485</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 5.2 (continued) Property, Plant & Equipment Year Ended 31 March 2015

	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 2015	26,839	189,221	11,767	12,217	22,613	3,120	18,393	158	284,328
Southern HSC Trust charitable trust fund at 31 March 2015	0	0	0	0	0	0	0	0	0
Southern HSC Trust at 31 March 2015	<b>26,839</b>	<b>189,221</b>	<b>11,767</b>	<b>12,217</b>	<b>22,613</b>	<b>3,120</b>	<b>18,393</b>	<b>158</b>	<b>284,328</b>
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
Southern HSC Trust at 31 March 2014	<b>32,296</b>	<b>203,525</b>	<b>12,307</b>	<b>9,356</b>	<b>22,133</b>	<b>3,150</b>	<b>14,503</b>	<b>215</b>	<b>297,485</b>



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 6.1 Consolidated Intangible Assets Year Ended 31 March 2016

	Software Licenses £000s	Software £000s	Total £000s
<b>Cost or Valuation</b>			
At 1 April 2015	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 2016	<b>1,399</b>	<b>0</b>	<b>1,399</b>
<b>Amortisation</b>			
At 1 April 2015	1,330	0	1,330
Reclassifications	0	0	0
Disposals	0	0	0
Provided during the year	69	0	69
	<hr/>	<hr/>	<hr/>
At 31 March 2016	<b>1,399</b>	<b>0</b>	<b>1,399</b>
<b>Carrying Amount</b>			
At 31 March 2016	<hr/> <b>0</b>	<hr/> <b>0</b>	<hr/> <b>0</b>
At 31 March 2015	<hr/> <b>69</b>	<hr/> <b>0</b>	<hr/> <b>69</b>
<b>Asset financing</b>			
Owned	0	0	0
<b>Carrying Amount</b>			
At 31 March 2016	<hr/> <b>0</b>	<hr/> <b>0</b>	<hr/> <b>0</b>

There were no assets funded by Donations/Government Grant or Lottery Funding during the year. (2014/15: £Nil)

# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 6.2 Consolidated Intangible Assets Year Ended 31 March 2015

	<b>Software Licenses</b>	<b>Software</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation</b>			
At 1 April 2014	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 2015	<b>1,399</b>	<b>0</b>	<b>1,399</b>
<b>Amortisation</b>			
At 1 April 2014	1,185	0	1,185
Reclassifications	0	0	0
Disposals	0	0	0
Provided during the year	145	0	145
	<hr/>	<hr/>	<hr/>
At 31 March 2015	<b>1,330</b>	<b>0</b>	<b>1,330</b>
<b>Carrying Amount</b>			
At 31 March 2015	<hr/> <b>69</b>	<hr/> <b>0</b>	<hr/> <b>69</b>
At 31 March 2014	<hr/> <b>214</b>	<hr/> <b>0</b>	<hr/> <b>214</b>
<b>Asset financing</b>			
Owned	69	0	69
<b>Carrying Amount</b>			
At 31 March 2015	<hr/> <b>69</b>	<hr/> <b>0</b>	<hr/> <b>69</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 6.2 Consolidated Intangible Assets Year Ended 31 March 2015

Carrying amount comprises:

	Software Licenses £000s	Software £000s	Total £000s
Southern HSC Trust at 31 March 2015	69	0	69
Southern HSC Trust charitable trust fund at 31 March 2015	0	0	0
	<u>69</u>	<u>0</u>	<u>69</u>
Southern HSC Trust at 31 March 2014	214	0	214
Southern HSC Trust charitable trust fund at 31 March 2014	0	0	0
	<u>214</u>	<u>0</u>	<u>214</u>

# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 7 FINANCIAL INSTRUMENTS

#### NOTE 7 Financial Instruments

	2016			2015		
	Investments	Assets	Liabilities	Investments	Assets	Liabilities
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April	2,845	0	0	2,678	100	0
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	(100)	0
Revaluations	(174)	0	0	167	0	0
Balance at 31 March	<b>2,671</b>	<b>0</b>	<b>0</b>	<b>2,845</b>	<b>0</b>	<b>0</b>
Trust						
Charitable trust fund	2,671	0	0	2,845	0	0
	<b>2,671</b>	<b>0</b>	<b>0</b>	<b>2,845</b>	<b>0</b>	<b>0</b>

#### NOTE 7.1 Market value of investments as at 31 March 2016

	Held in	Held outside	2016	2015
	UK	UK	Total	Total
	£000s	£000s	£000s	£000s
Investments in a Common Deposit Fund or Investment Fund	2,671	0	2,671	2,845
<b>Total market value of fixed asset investments</b>	<b>2,671</b>	<b>0</b>	<b>2,671</b>	<b>2,845</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 8 IMPAIRMENTS

	2016		
	Property, Plant & Equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	(1,448)	0	(1,448)
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(1,161)	0	(1,161)
<b>Impairments credited to Statement of Comprehensive Net Expenditure</b>	<b><u>(2,609)</u></b>	<b><u>0</u></b>	<b><u>(2,609)</u></b>
	2015		
	Property, Plant & Equipment	Intangibles	Total
	£000s	£000s	£000s
Total value of impairments for the period	28,432	0	28,432
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(6,560)	0	(6,560)
<b>Impairments charged to Statement of Comprehensive Net Expenditure</b>	<b><u>21,872</u></b>	<b><u>0</u></b>	<b><u>21,872</u></b>

# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

### NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

	Land		Buildings		Total	
	2016	2015	2016	2015	2016	2015
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost</b>						
At 1 April	0	0	1,193	1,482	1,193	1,482
Transfers in	0	0	287	0	287	0
(Disposals)	0	0	(85)	(168)	(85)	(168)
Impairment	0	0	0	(121)	0	(121)
At 31 March	<b>0</b>	<b>0</b>	<b>1,395</b>	<b>1,193</b>	<b>1,395</b>	<b>1,193</b>
<b>Depreciation</b>						
At 1 April	0	0	85	197	85	197
Transfers in	0	0	14	0	14	0
(Disposals)	0	0	(85)	(26)	(85)	(26)
Impairment	0	0	0	(86)	0	(86)
At 31 March	<b>0</b>	<b>0</b>	<b>14</b>	<b>85</b>	<b>14</b>	<b>85</b>
<b>Carrying amount at 31 March</b>	<b>0</b>	<b>0</b>	<b>1,381</b>	<b>1,108</b>	<b>1,381</b>	<b>1,108</b>

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 2016

#### NOTE 10 INVENTORIES

Classification	2016			2015		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
Pharmacy supplies	2,034	0	2,034	1,835	0	1,835
Building & engineering supplies	75	0	75	70	0	70
Fuel	155	0	155	239	0	239
Community care appliances	324	0	324	225	0	225
Laboratory materials	158	0	158	184	0	184
Stationery	0	0	0	0	0	0
Laundry	57	0	57	55	0	55
Other	184	0	184	272	0	272
<b>Total</b>	<b>2,987</b>	<b>0</b>	<b>2,987</b>	<b>2,880</b>	<b>0</b>	<b>2,880</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 11 CASH AND CASH EQUIVALENTS

	2016			2015		
	Core Trust £000s	CTF £000s	Consolidated £000s	Core Trust £000s	CTF £000s	Consolidated £000s
Balance at 1st April	1,575	175	1,750	2,168	98	2,266
Net change in cash and cash equivalents	(391)	57	(334)	(593)	77	(516)
<b>Balance at 31st March</b>	<b>1,184</b>	<b>232</b>	<b>1,416</b>	<b>1,575</b>	<b>175</b>	<b>1,750</b>

#### The following balances at 31 March were held at

	2016			2015		
	Core Trust £000s	CTF £000s	Consolidated £000s	Core Trust £000s	CTF £000s	Consolidated £000s
Commercial banks and cash in hand	1,184	232	1,416	1,575	175	1,750
<b>Balance at 31st March</b>	<b>1,184</b>	<b>232</b>	<b>1,416</b>	<b>1,575</b>	<b>175</b>	<b>1,750</b>



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2016				2015			
	Trust £000s	CTF £000s	Consolidation Adjustments £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidation Adjustments £000s	Consolidated £000s
<b>Amounts falling due within one year</b>								
Trade receivables	8,534	0	0	8,534	10,013	0	0	10,013
VAT receivable	4,600	0	0	4,600	5,421	0	0	5,421
Other receivables - not relating to fixed assets	398	68	0	466	337	91	(28)	400
<b>Trade and other receivables</b>	<b>13,532</b>	<b>68</b>	<b>0</b>	<b>13,600</b>	<b>15,771</b>	<b>91</b>	<b>(28)</b>	<b>15,834</b>
Prepayments and accrued income	3,035	0	0	3,035	4,526	0	0	4,526
<b>Other current assets</b>	<b>3,035</b>	<b>0</b>	<b>0</b>	<b>3,035</b>	<b>4,526</b>	<b>0</b>	<b>0</b>	<b>4,526</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 12 (continued) TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	Trust	CTF	2016 Consolidation Adjustments	Consolidated	Trust	CTF	2015 Consolidation Adjustments	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Amounts falling due after more than one year</b>								
Trade receivables	694	0	0	694	906	0	0	906
<b>Trade and other receivables</b>	<b>694</b>	<b>0</b>	<b>0</b>	<b>694</b>	<b>906</b>	<b>0</b>	<b>0</b>	<b>906</b>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>14,226</b>	<b>68</b>	<b>0</b>	<b>14,294</b>	<b>16,677</b>	<b>91</b>	<b>(28)</b>	<b>16,740</b>
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>3,035</b>	<b>0</b>	<b>0</b>	<b>3,035</b>	<b>4,526</b>	<b>0</b>	<b>0</b>	<b>4,526</b>
<b>TOTAL RECEIVABLES AND OTHER CURRENT ASSETS</b>	<b>17,261</b>	<b>68</b>	<b>0</b>	<b>17,329</b>	<b>21,203</b>	<b>91</b>	<b>(28)</b>	<b>21,266</b>

The balances are net of a provision for bad debts of £5,796k (2015: £6,095k).

The Southern HSC Trust did not have any intangible current assets at 31 March 2016 or at 31 March 2015.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 13 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

##### 13.1 Trade Payables and Other Current Liabilities

	2016				2015			
	Trust	CTF	Consolidation	Consolidated	Trust	CTF	Consolidation	Consolidated
	£000s	£000s	Adjustments £000s	£000s	£000s	£000s	Adjustments £000s	£000s
<b>Amounts falling due within one year</b>								
Other taxation and social security	11,963	0	0	11,963	11,342	0	0	11,342
Trade capital payables - property, plant and equipment	8,529	0	0	8,529	7,215	0	0	7,215
Trade revenue payables	17,579	0	0	17,579	16,377	0	0	16,377
Payroll payables	21,556	0	0	21,556	21,310	0	0	21,310
Clinical negligence payables	554	0	0	554	1,027	0	0	1,027
VER payables	146	0	0	146	538	0	0	538
BSO payables	3,342	0	0	3,342	1,449	0	0	1,449
Other payables	279	116	0	395	990	72	(28)	1,034
Accruals and deferred income	4,319	0	0	4,319	5,508	0	0	5,508
<b>Trade and other payables</b>	<b>68,267</b>	<b>116</b>	<b>0</b>	<b>68,383</b>	<b>65,756</b>	<b>72</b>	<b>(28)</b>	<b>65,800</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 13.2 Loans

The Southern HSC Trust did not have any loans payable at 31 March 2016 or at 31 March 2015.

#### NOTE 14 PROMPT PAYMENT POLICY

##### NOTE 14.1 Public Sector Payment Policy – Measure of Compliance

The Department requires that Trusts pay their non HSC trade suppliers 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:

	2016 Number	2016 Value £000s	2015 Number	2015 Value £000s
Total bills paid	206,478	273,264	172,426	224,108
Total bills paid within 30 day or under agreed payment terms	193,206	250,692	151,068	200,413
% of bills paid within 30 day target or under agreed payment terms	<b>93.6%</b>	<b>91.7%</b>	<b>87.6%</b>	<b>89.4%</b>
Total bills paid within 10 day target	173,700	226,085	121,745	170,785
% of bills paid within 10 day target	<b>84.1%</b>	<b>82.7%</b>	<b>70.6%</b>	<b>76.2%</b>

##### 14.2 The Late Payment of Commercial Debts Regulations 2002

	£
Amount of compensation paid for payment(s) being late	210
Amount of interest paid for payment(s) being late	343
<b>Total</b>	<b>553</b>

This is also reflected as a fruitless payment in the Statement of Losses and Special Payments in the Accountability Report.

New late payment legislation (Late Payment of Commercial Debts Regulations 2013) came into force on 16 March 2013. The effect of the new legislation is that a payment is normally regarded as late unless it is made within 30 days after receipt of an undisputed invoice.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2016

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2016
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2015</b>	277	3,964	20,681	0	4,197	29,119
Provided in year	0	0	18,627	0	1,002	19,629
(Provisions not required written back)	(5)	(201)	(2,399)	0	(192)	(2,797)
(Provisions utilised in the year)	(15)	(191)	(2,016)	0	(574)	(2,796)
Cost of borrowing (unwinding of discount)	4	52	(108)	0	9	(43)
<b>At 31 March 2016</b>	<b>261</b>	<b>3,624</b>	<b>34,785</b>	<b>0</b>	<b>4,442</b>	<b>43,112</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2016

Comprehensive Net Expenditure Account charges	2016 £000s	2015 £'000
Arising during the year	19,629	10,540
Reversed unused	(2,797)	(3,831)
Cost of borrowing (unwinding of discount)	(43)	(99)
<b>Total charge within Operating expenses</b>	<b>16,789</b>	<b>6,610</b>

#### 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	2016  £000s
Not later than one year	15	194	6,035	0	1,195	7,439
Later than one year and not later than five years	62	803	10,023	0	1,999	12,887
Later than five years	184	2,627	18,727	0	1,248	22,786
<b>At 31 March 2016</b>	<b>261</b>	<b>3,624</b>	<b>34,785</b>	<b>0</b>	<b>4,442</b>	<b>43,112</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2015

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2015
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2014</b>	262	3,949	21,504	0	4,550	30,265
Provided in year	27	165	9,662	0	686	10,540
(Provisions not required written back)	0	0	(3,422)	0	(409)	(3,831)
(Provisions utilised in the year)	(15)	(199)	(6,912)	0	(630)	(7,756)
Cost of borrowing (unwinding of discount)	3	49	(151)	0	0	(99)
<b>At 31 March 2015</b>	<b>277</b>	<b>3,964</b>	<b>20,681</b>	<b>0</b>	<b>4,197</b>	<b>29,119</b>

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 Pension 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 2016**

**NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2015**

**Analysis of expected timing of discounted flows**

	<b>Pensions relating to former directors</b>	<b>Pensions relating to other staff</b>	<b>Clinical negligence</b>	<b>CSR restructuring</b>	<b>Other</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Not later than one year	14	202	3,911	0	1,104	5,231
Later than one year and not later than five years	61	833	7,670	0	1,953	10,517
Later than five years	202	2,929	9,100	0	1,140	13,371
<b>At 31 March 2015</b>	<b>277</b>	<b>3,964</b>	<b>20,681</b>	<b>0</b>	<b>4,197</b>	<b>29,119</b>



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 16 CAPITAL COMMITMENTS

	<b>2016</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, Plant & Equipment	16,757	11,139
	<hr/> <b>16,757</b>	<hr/> <b>11,139</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 17 COMMITMENTS UNDER LEASES

##### Note 17.1 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	2016 £000s	2015 £000s
<b>Land &amp; Buildings</b>		
Not later than 1 year	316	311
Later than 1 year and not later than 5 years	203	659
	<b>519</b>	<b>970</b>
<b>Other</b>		
Not later than 1 year	746	477
Later than 1 year and not later than 5 years	940	797
	<b>1,686</b>	<b>1,274</b>

##### Note 17.2 Finance Leases

The Southern HSC Trust did not have any finance leases at 31 March 2016 or at 31 March 2015.

##### Note 17.3 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:

	2016 £000s	2015 £000s
<b>Land and Buildings</b>		
Not later than 1 year	117	79
Later than 1 year and not later than 5 years	84	68
Later than 5 years	125	119
	<b>326</b>	<b>266</b>

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **NOTE 18 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS**

##### **18.1 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.

##### **18.2 On balance sheet (SoFP) PFI Schemes**

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

##### **18.3 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 .

#### **NOTE 19 OTHER FINANCIAL COMMITMENTS**

The Southern HSC Trust did not have any other financial commitments at either 31 March 2016 or 31 March 2015.

#### **NOTE 20 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 2016 or 31 March 2015.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 21 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

	<b>2016</b> <b>£000s</b>	<b>2015</b> <b>£000s</b>
Clinical negligence	2,308	2,045
Public Liability	58	5
	<hr/>	
<b>Total</b>	<b><u>2,366</u></b>	<b><u>2,050</u></b>

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 2016**

#### **NOTE 22 RELATED PARTY TRANSACTIONS**

The Southern HSC Trust is an Arm's 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 £576,154k (2015: £565,143k) of which the Non Cash Revenue Resource Limit is £32,057k (2015: £44,590k)

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-executive, 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 was as follows:

Mr Edwin Graham, Committee Member of Enable NI. The value of transactions between related parties was £189,334 (32 transactions) in respect of grant payments for respite services and day care and provision of training to voluntary organisations. Balance outstanding at year end was £10,961.

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 £4,323,501 (150 transactions) in respect of Domiciliary Care Provision. The balance outstanding at year end: £248,821.

#### **NOTE 23 THIRD PARTY ASSETS**

The Southern HSC Trust held £7,816k cash at bank and in hand at 31 March 2016 (31 March 2015: £7,184k) 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 2016

#### NOTE 24 FINANCIAL PERFORMANCE TARGETS

##### NOTE 24.1 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:

	<b>2016</b>	<b>2015</b>
	<b>Total</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
HSCB	531,668	508,453
PHA	5,848	5,458
SUMDE & NIMDTA	6,976	6,772
Non cash RRL (from DHSSPS)	32,057	44,590
	<hr/>	<hr/>
Total agreed RRL	576,549	565,273
Adjustment for income received re Donations / Government grant / Lottery funding for non current assets	(395)	(130)
	<hr/>	<hr/>
<b>Total Revenue Resource Limit to Statement Comprehensive Net Expenditure</b>	<b>576,154</b>	<b>565,143</b>

##### 24.2 Capital Resource Limit

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

	<b>2016</b>	<b>2015</b>
	<b>Total</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
Gross capital expenditure	23,045	30,388
Prepayment for Capital Scheme	0	1,227
Release of Prior Year Prepayment for Capital Scheme (Receipts from sales of fixed assets)	(1,848)	0
	<hr/>	<hr/>
Net capital expenditure	21,088	31,316
	<hr/>	<hr/>
Capital Resource Limit	21,398	31,596
	<hr/>	<hr/>
Underspend against CRL	(310)	(280)

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### NOTE 24 FINANCIAL PERFORMANCE TARGETS

##### 24.3 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.

	<b>2015/16</b> <b>£000s</b>	<b>2014/15</b> <b>£000s</b>
Net Expenditure	(576,017)	(565,102)
RRL	576,154	565,143
Surplus against RRL	137	41
Break Even cumulative position(opening)	(2,097)	(2,138)
Break Even cumulative position (closing)	<u><b>(1,960)</b></u>	<u><b>(2,097)</b></u>

##### Materiality Test:

	<b>2015/16</b> <b>%</b>	<b>2014/15</b> <b>%</b>
Break Even in year position as % of RRL	<u>0.02%</u>	<u>0.01%</u>
Break Even cumulative position as % of RRL	<u>(0.34)%</u>	<u>(0.37)%</u>

The Southern HSC Trust reduced its cumulative overspend by achieving a small surplus in 2015/16. However, as the Trust continues to face a challenging financial position, it is unclear when the cumulative reported overspend will be recovered.

#### NOTE 25 POST BALANCE SHEET EVENTS

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

#### NOTE 26 DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 24 June 2016.

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

**YEAR ENDED 31 MARCH 2016**



## **SOUTHERN HSC TRUST**

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

**YEAR ENDED 31 MARCH 2016**

#### **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 – PATIENTS’ AND RESIDENTS’ MONIES**

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

I certify that I have audited Southern Health and Social Care Trust’s account of Patients’ and Residents’ Monies for the year ended 31 March 2016 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 (formerly Department of Health, Social Services and Public Safety) 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’s; 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 Southern Health and Social Care Trust for the year ended 31 March 2016 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 directions issued thereunder.

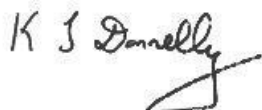
#### **Matters on which I report by exception**

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's (Department of Finance and Personnel) 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*

*24<sup>th</sup> June 2016*

# SOUTHERN HSC TRUST

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

YEAR ENDED 31 MARCH 2016

Previous Year	<u>RECEIPTS</u>		
£	Balance at 1 April 2015	£	£
5,794,912	1. Investments (at cost)	6,249,213	
860,443	2. Cash at Bank	930,592	
3,936	3. Cash in Hand	4,171	7,183,976
6,659,291			
2,222,976	Amounts Received in the Year	2,639,882	
54,301	Interest Received	41,879	2,681,761
<b>8,936,568</b>	<b>TOTAL</b>		<b>9,865,737</b>

<u>PAYMENTS</u>			
1,752,592	Amounts paid to or on Behalf of Patients/Residents		2,049,325
Balance at 31 March 2016			
6,249,213	1. Investments (at Cost)	6,291,092	
930,592	2. Cash in Bank	1,520,173	
4,171	3. Cash in Hand	5,147	
7,183,976			7,816,412
<b>8,936,568</b>	<b>TOTAL</b>		<b>9,865,737</b>

Cost Price	Schedule of investments held at 31 March 2016	Nominal Value	Cost Price
£		£	£
6,249,213	Bank of Ireland	6,291,092	6,291,092

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

Date:

*09/04/2016*  
*[Signature]*

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

Interim Chief Executive

Date:

*[Signature]*

ISBN Number

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