



# 2017/18 Annual Report and Accounts

**HSC** Southern Health  
and Social Care Trust  
*Quality Care - for you, with you*





**SOUTHERN HEALTH AND SOCIAL CARE TRUST**  
**ANNUAL REPORT & ACCOUNTS**  
**FOR YEAR ENDED 31 MARCH 2018**

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

on

29<sup>th</sup> June 2018

## Contents

	Pages
<b>Foreword</b>	
<b>1. Performance Report</b>	
<b>Performance Overview</b>	
Message from Chair and Chief Executive .....	5-6
Purpose and Activities .....	7-8
A year across the SHSCT and Staff Highlights .....	9-15
<b>Performance Analysis</b>	
Ministerial Priorities for 2017/18 .....	16-25
Southern Trust Facts and Figures .....	26
Financial Performance .....	27-32
Sustainability Report .....	33-35
<b>2. Accountability Report</b>	
<b>Overview</b>	
Overview .....	37
<b>Governance Report</b>	
Directors' Report .....	38-43
Statement of Accounting Officer Responsibilities .....	44
Governance Statement .....	45-76
<b>Remuneration and Staff Report</b>	
Remuneration Report .....	77-79
Senior Employees Remuneration .....	80-82
Staff Report .....	83-91
<b>Accountability and Audit Report</b>	
Complaints and Regularity of Expenditure.....	92
Losses and Special Payments .....	93-95
Audit Certificate .....	96-97
<b>3. Annual Accounts</b>	
<b>Consolidated Annual Accounts</b>	
Foreword .....	99
Statement of Comprehensive Net Expenditure .....	100
Statement of Financial Position .....	101
Statement of Changes in Taxpayers' Equity .....	102
Statement of Cash flows .....	103
Notes to the Accounts .....	104-149
<b>Accounts of Monies held on behalf of Patients and Residents</b>	
Statement of Trust's Responsibilities .....	151
Audit Certificate .....	152-153
Statement of Account of Monies held .....	154

## **Southern Health and Social Care Trust**

### **Annual report and accounts for the year ended 31 March 2018**

#### **FOREWORD**

These accounts for the year ended 31 March 2018 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.

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#### **COMMENTS**

If you have any comments about this report or would like extra copies please telephone 028 375 60 118.

#### **DIFFERENT FORMATS**

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# 1

# Performance Report



## OVERVIEW

### Message from Chair and Chief Executive

As we move into a new financial year we take time to reflect and pay tribute to our staff and all that has been achieved in 2017/18.

Each year we put our plans in place to cope with the usually anticipated winter pressures, but in addition to the seasonal increased demand for our services, this year we were also faced with such unprecedented weather conditions to contend with.

We know that on a daily basis, our 13,000 staff go above and beyond for their patients and clients, but during the first few days of March, many went to huge efforts to keep vital hospital and community services running.

The importance of close partnership working with other organisations across health and social care, other agencies, local councils, elected representatives and of course the many community and voluntary sector organisations, was certainly demonstrated during this time. Sincerest thanks to all of those volunteers, family, friends and other agencies who supported us with such goodwill.

We do acknowledge the many ongoing challenges that we all are facing right across health and social care and we are committed to working with regional colleagues to address issues like staffing, longer waiting times and pressures on unscheduled care. We need to work together to transform our services to create a system which better meets the needs of our growing population, with a greater emphasis on prevention, early intervention and community care.

Nonetheless, despite the challenges, we are proud to report on the many achievements over the past year and how we have helped to improve the lives of our population.

There are around 377,231 people living in the Southern Trust area – and every one of these will at some time each year need our help, whether it is in a hospital or community setting or even in their own home.

As you will read through this report, you will see the dedication of our staff to their patients and clients but also how they are committed to continually improving the services we provide. We look forward to paying a very special tribute to our staff, in our annual Staff Excellence Awards in June.

We also continue to invest in and modernise our facilities and this year were delighted to open our two new paediatric units – The Blossom Children and Young People's Centre at Craigavon Area Hospital and The Daisy Children and Young People's Unit at Daisy Hill. Together this £15.8 million investment is helping us to modernise hospital services for children and young people across the area.

Work has also begun on our new £3.37 million Aseptic Suite at Craigavon Area Hospital. Located in front of the Macmillan Building, the unit will allow for the preparation and dispensing of sterile medical products and specialised medications, particularly for chemotherapy patients. We look forward to being able to improve this service when our new state-of-the-art suite opens next year.

We have also welcomed a new joint partnership with PIPS Upper Bann and PIPS Hope and Support as our Charity Partners for 2018/20. Since 2013, our Charity of the Year scheme has raised over £268,000 to support local charities and over the next two years, our very generous Trust staff look forward to raising awareness and vital funds for both PIPS charities.

Indeed we in the Trust have also greatly benefited from the generosity of £216,000 in voluntary gifts from the local community over the past year. Thanks to such donations, we have been able to buy additional equipment and comforts to enhance quality of care and patient and client experience right across our services. We thank each and every one of you for your kindness.

The NHS turns 70 in July and as we look back with much to celebrate, we do begin another year which will undoubtedly continue to challenge both our financial and human resources.

Our own local experience of the innovative Daisy Hill Pathfinder Project is a great example of how partnership working and co-production can help us to transform services. Set up to find a sustainable solution to acute unscheduled care across Newry and Mourne, the final recommendations are now with the Department of Health for consideration and confirmation of funding.

We believe that the Pathfinder Project is a model that can be used throughout Northern Ireland to work with communities to help shape how services should be provided in the future and we look forward to developing more opportunities like this to improve outcomes for local people.



**Roberta Brownlee**

**Chair**



**Shane Devlin**

**Chief Executive**



## Purpose and Activities

The Southern Health and Social Care Trust is an integrated health and social care Trust with an annual budget of £687m, employing 10,402 (whole time equivalent) staff and managing an estate worth £283m.

The Trust provides health and social care services to the council areas of Armagh, Banbridge and Craigavon; Mid-Ulster and Newry, Mourne and Down. The population (as at mid-2016) we serve is as follows:

Age	Population
0-14	81,492
15-64	241,601
65+	54,138
<b>Total Population</b>	<b>377,231</b>

*\*Mid-2016 population estimates for Northern Ireland were published on 22 June 2017.*

*\* <https://www.nisra.gov.uk/publications/2016-mid-year-population-estimates-northern-ireland>*

The services we provide include 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.

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

### **Our values state that 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.

In 2017/18 the Trust was working to deliver 53 objectives and goals for improvement (OGIs) as per the commissioning directions. Of these, 28 were assessed as achievable or partly achievable by the Trust. At the year end, the Trust undertook an internal assessment of performance and determined that 23 targets had been

achieved or partially achieved, 21 had not been achieved and 9 could not be assessed **as they are not applicable to the Trust.**

The Trust achieved its statutory financial targets:

- Break even on income and expenditure
- Maintaining capital expenditure with the agreed Capital Resource Limit

The above achievements have been delivered through a combination of sound financial management, the concerted efforts of our staff and the continued implementation of the Trust's efficiency and reform programme.

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

April



An awards event took place to celebrate the successes of young people in care. Over one hundred young people in foster and residential care were nominated by their social workers and received awards for a wide range of achievements.

May

We recruited a bilingual Speech and Language Therapy Assistant to help meet the needs of the growing Polish population in the area. Magdalena Gorajska is the first bilingual Speech and Language Therapy Assistant in Northern Ireland. She is greatly helping to improve the outcomes for Polish children and young people and saves the need to book an interpreter for appointments.



Health and Wellbeing information hub now open at Craigavon Hospital. Our Health and Wellbeing Hub located in Craigavon Area Hospital's Broadway corridor opened. The Hub is a space for staff, service users and members of the public to access booklets, leaflets and other free sources of information on how to improve health and wellbeing free of charge.

## June

A short video 'Your Visit to Hospital' was developed by Dr Sam Dawson, Anaesthetic Registrar in the Trust to help prepare children for surgery in the Southern Trust. The video is the first of its kind produced in Northern Ireland to help reduce anxiety in children and parents before surgery. Preoperative anxiety has been reported to result in nightmares, separation anxiety and fear of doctors in children after this surgery.



Siobhan Rogan won RCN Nurse of the Year Award. She was nominated for her leading role in establishing Northern Ireland's first community-based fully integrated child and adolescent mental health service (CAMHS) for young people with intellectual disability.



Promoting Wellbeing Manager for the Southern Trust, Fergal O'Brien was awarded with an MBE for his outstanding services to the community through Social Work. Fergal led a research project on improving life expectancy amongst Traveller men for his MSc Professional Development in Social Work from Ulster University which was recognised with a number of awards.

## July



Our microbiology lab installed the latest hi-tech equipment to help with identifying bacteria. The new 'Maldi-tof Mass Spectrometry' system greatly speeds up the identification of bacteria to help diagnose infections like sepsis, meningitis, gangrene and pneumonia.

Samples that would have previously taken up to 72 hours to confirm a bacterial identification can now be analysed within 30 minutes – helping to ensure that effective antibiotic treatment can begin much sooner.



We teamed up with Teenage Cancer Trust to improve facilities for young people who have had a cancer diagnosis and are attending Craigavon Area Hospital. Dedicated areas have been decorated to suit Teenagers and Young Adults (TYA) who have had a cancer diagnosis and require an inpatient stay in the Haematology Ward or are attending for outpatient treatment in the Mandeville Unit.



## August



Breast Care Nurse, Eimer McGeown was shortlisted for a prestigious UK wide Nursing Times Award 2017. Eimer was shortlisted in the category 'Cancer Nursing' for introducing a new group based aftercare service to women following breast cancer treatment.

## September

A new online system is helping dietitians in the Southern Trust to prevent malnutrition amongst nursing home clients. The 'Health Call' Under Nutrition Service is allowing the team to remotely monitor the nutritional needs of older clients, identifying those at risk and providing appropriate treatment as quickly as possible.



## October



Our Trauma and Orthopaedic Service was rated amongst the best in the UK for treating hip fractures. With over 65,000 people aged 60 or older fracturing their hip in the UK last year, it is the most common serious injury in older people.

The Southern Trust Cardiac Catheterisation Laboratory at Craigavon Area Hospital was ranked as top in Northern Ireland for data quality and the fourth out of the 120 UK centres which undertake coronary stenting. The national annual assessment was undertaken on behalf of the British Cardiovascular Intervention Society (BCIS) and rated Craigavon as “excellent”.



Allied Health Professionals from the Southern Health and Social Care Trust were recognised amongst the best in Northern Ireland at the 2017 Advancing Healthcare Awards.



The doors of the new Craigavon Paediatric Centre were opened today to give staff, service users and public representatives the chance to have a look around before Outpatients services begin next week. The new centre is part of an overall £14.5m plan to modernise hospital services for services for children and young people across the Southern Trust.

## November

Stars from local comedy show ‘Give my head peace’ teamed up with the Southern Trust once again to remind people not to use emergency departments unless the condition is serious and urgent. ‘Ma’ ‘Da’ and ‘Uncle Andy’ from the series feature in a short video designed to increase public understanding of the appropriate uses of the Emergency Department and to remind the public that saving lives is the priority.



Our Renal Unit based at Daisy Hill Hospital was ranked first in the UK Renal Registry for survival of dialysis patients aged 65 and above. The Chairperson of Newry, Mourne and Down District Council, Roisin Mulgrew hosted a Civic reception to pay tribute to the Renal Team and celebrate their success.





Colm Darby, Advanced Neonatal Nurse Practitioner for the Southern Trust was awarded UK Neonatal Nurse of the Year. The award is for 'outstanding service in the neonatal community' and was presented by the Neonatal Nurses Association.



The Southern Trust's Community Diabetes Team was recognised as one of the best in the UK for helping to boost the health of their patients. The team came third in the UK for helping patients to reduce the cardiovascular risks of diabetes by managing their lipids and blood pressure.

## December

For the first time in the Southern Trust we welcomed a team of Mental Health Peer Support Workers based on an acute inpatient ward. Peer support is the introduction of people who have lived experience of mental health difficulties into the mental health workforce.



Staff, service users and public representatives had the chance to have a look around the new Paediatric Unit at Daisy Hill Hospital today before its new Children's Ward opens. All planned paediatric surgery for the entire Southern area will be undertaken at 'The Daisy Children's and Young People's Unit' on the sixth floor of the hospital from January.

## January

Consultant Anaesthetist from the Southern Trust, Dr Peter Maguire was honoured with an Association of Anaesthetists of Great Britain and Ireland Award. Dr Maguire is the first doctor in Northern Ireland to receive the prestigious award in recognition of his contribution to the Association and to the specialty of anaesthesia throughout his career.



## February



Bernie Trainor, a Stoma/Coloproctology Nurse for the Southern Trust has received a 'Patient's Choice' Award from the charity 'Lets Talk Crohn's and Colitis Association.' The awards which marked World Inflammatory Bowel Disease day in December were organised to celebrate those who help people through their illness.

We launched a new 'Step 2' aspect of the Intellectual Disability Child and Adolescent Mental Health Service (ID CAMHS). One in forty children have an intellectual disability, which means they have difficulty understanding information and learning the skills needed for everyday life.



## March



We launched new communication cards for patients who are deaf British Sign Language users. We hope that the wallet sized cards will help our staff to quickly identify patients who are deaf and get communication support in place promptly, so that they have the best possible experience of our care

Patients attending the Southern Trust for appointments are now able to check themselves in, even easier, at the Self Check-in Kiosks with the introduction of new barcode scanners. The Kiosks are installed in the Outpatient Departments of Daisy Hill, South Tyrone and Craigavon Area Hospitals as well as Armagh Community Hospital and Banbridge Polyclinic.



## PERFORMANCE ANALYSIS 2017/18

### Ministerial Priorities for 2017/18

In 2017/18, the Commissioning Plan Director set out a number of **objectives and goals for improvement** (OGIs) for all Trusts to work towards. These objectives are drawn from the wider strategic direction for Health and Social Care services and the Draft Programme for Government which defines the outcomes expected for the population of Northern Ireland. The objectives and goals cover all aspects of planning and delivering health and social care and include ‘targets’ based on safety as well as service user experience.

This year **Objectives and Goals for improvement** were again targeted across a broad range of desired outcomes including the following

- reducing inequalities and ensuring that people are able to look after and improve their own health and wellbeing; and live in good health for longer;
- protecting people using our services from harm and ensuring they have a positive experience;
- focusing services around maintaining or improve the quality of life of people who use those services, including those with disabilities or long term conditions;
- Supporting those to live independently at home or in a homely setting in the community and supporting carers to look after their own health and wellbeing, and
- Ensuring we use our resources effectively and efficiently and supporting those that work for us to look after their own health and wellbeing.

When objectives are set each year by the Minister the Trust assess its ability to meet the ‘target’ or improvement sought. Based on the environment we are currently working in, this year we identified that over 50% of objectives would not be met, or just be partially met with additional resources. A snapshot of our assessment of performance is in the table below.

Of the 53 priorities in the Commissioning Plan Direction for 2017/18, 44 are applicable to the Trust. An overall summary of the Trust’s assessment of deliverability of the targets / indicators set for 2017/18 against the RAG status index is provided in the table below.

Summary Assessment of 2017/18 Commissioning Plan Objectives and Goals for Improvement (OGIs)	Green (Achievable & Affordable)	Amber (Partially achievable/ affordable with additional resources)	Red (Unlikely to be achieved/ Not affordable)	White (Multi- Agency Target)	Blue (Not Applicable/ Not Core Trust objective)
1.1 A Fitter Future for All <span style="color: green;">■</span>				X	
1.2 Tobacco Control <span style="color: green;">■</span>				X	
1.3 Healthier Pregnancy Programme <span style="color: green;">■</span>				X	
1.4 Healthy Child, Healthy Future <span style="color: orange;">■</span>				X	
1.5 Family Nurse Partnerships <span style="color: orange;">■</span>				X	
1.6 Family Support Hubs 1.6.1 Families Utilising Hubs <span style="color: red;">■</span> 1.6.2 Referrals to Hubs <span style="border: 1px solid blue; display: inline-block; width: 10px; height: 10px;"></span>				X	
1.7 Looked After Children 1.7.1 Placement Change <span style="color: orange;">■</span> 1.7.2 Adoption Time Frame <span style="color: red;">■</span>					
1.8 Self Harm/ Suicide <span style="color: orange;">■</span>				X	
1.9 Diabetes Strategic Framework <span style="color: green;">■</span>				X	
2.1 Practice Based Pharmacists					
2.2 Delivering Care					
2.3 Infection Prevention & Control 2.3.1 MRSA <span style="color: red;">■</span> 2.2.2 C Difficile <span style="color: red;">■</span>					
2.4 Sepsis					
2.5 NEWS KPI					
2.6 Medicines Optimisation Model					
2.7 Residential homes & Nursing Homes, failure to comply/notice of decision					
3.1 Needs of Children in Northern Ireland					
3.2 Pathway Plans					
3.3 Dementia Portal					
3.4 Palliative Care					
4.1 GP Services (Available Appointments)					
4.2 GP Out of Hours					
4.3 Category A Calls (NIAS)					
4.4 Emergency Department 4.4.1 4-Hour Target <span style="color: red;">■</span> 4.4.2 12-Hour Target <span style="color: red;">■</span>					
4.5 Triage within Emergency Departments					
4.6 Hip Fractures					
4.7 Ischaemic Stroke					



Summary Assessment of 2017/18 Commissioning Plan Objectives and Goals for Improvement (OGIs)	Green (Achievable & Affordable)	Amber (Partially achievable/ affordable with additional resources)	Red (Unlikely to be achieved/ Not affordable)	White (Multi- Agency Target)	Blue (Not Applicable/ Not Core Trust objective)
4.8 Reporting on diagnostic tests 4.8.1 Diagnostic imaging ■ 4.8.2 Physiological Imaging ■					
4.9 Breast Cancer Referrals 4.9.1 14 day target ■ 4.9.2 31 day target ■ 4.9.3 62 day target ■					
4.10 Outpatient Assessment (Elective) 4.10.1 50% <9weeks ■ 4.10.2 0 patient >52 weeks ■					
4.11 Diagnostic Tests (Elective) (75%<9 weeks; 0 patient >26 weeks)  4.11.1 Diagnostic imaging ■ 4.11.2 Physiological Imaging ■ 4.11.3 Endoscopy ■					
4.12 Inpatient/daycase treatment (Elective) 4.12.1 55% <13 weeks ■ 4.12.2 0 patient >52 weeks ■					
4.13 Mental Health Services  (0 patient >9 weeks) 4.13.1 CAMHs ■ 4.13.1 Adult Mental Health Services ■ 4.13.3 Dementia Services ■  (0 patient >13 weeks) 4.13.4 Psychological Therapies ■					
5.1 Healthier Care Programme					
5.2 Direct Payments					
5.3 Self Directed Support					
5.4 AHP Referral					
5.5 Discharges 5.1.1 Learning Disability ■ 5.1.2 Mental Health Discharge ■					
6.1 Carers Assessment					
6.2 Community based short breaks hours					
6.3 Young carers short breaks					
6.4 UNOCINI assessments					
7.1 ECR					
7.2 Pharmacy Efficiency Programme					
7.3 Delegated Statutory Functions					



Summary Assessment of 2017/18 Commissioning Plan Objectives and Goals for Improvement (OGIs)	Green (Achievable & Affordable)	Amber (Partially achievable/ affordable with additional resources)	Red (Unlikely to be achieved/ Not affordable)	White (Multi- Agency Target)	Blue (Not Applicable/ Not Core Trust objective)
7.4 Consultant Led Appointments					
7.5 Elective Care Services – SBA levels					
7.6 Discharge 7.6.1 complex discharges <48hrs <span style="color: green;">■</span> 7.6.2 0 discharge >7 days <span style="color: orange;">■</span> 7.6.3 simple discharges <6 hours <span style="color: orange;">■</span>					
7.7 Regional Medicines Optimisation Efficiency Programme					
8.1 Flu Vaccine					
8.2 Staff Sickness Levels					
8.3 Q2020 Attributes Framework 8.3.1 Level 1 training <span style="color: green;">■</span> 8.3.2 Level 2 training <span style="color: orange;">■</span>					
8.4 Suicide Awareness Training					

At the year end, the outcome on 5 objectives and goals for improvement, that has been assessed as achievable or partially achievable, were less favourable than the original TDP assessment. These were:

- 2.6 – Medicines Optimisation Model
- 4.7 – Ischaemic Stroke
- 6.1 – Carers Assessment
- 8.1 – Flu Vaccine
- 8.2 – Staff Sickness Levels

The Trust has in place a performance management framework and progress against these objectives is reported monthly in our public report to the Trust Board. Our monthly performance is published on our website at [www.southerntrust.hscni.net](http://www.southerntrust.hscni.net).

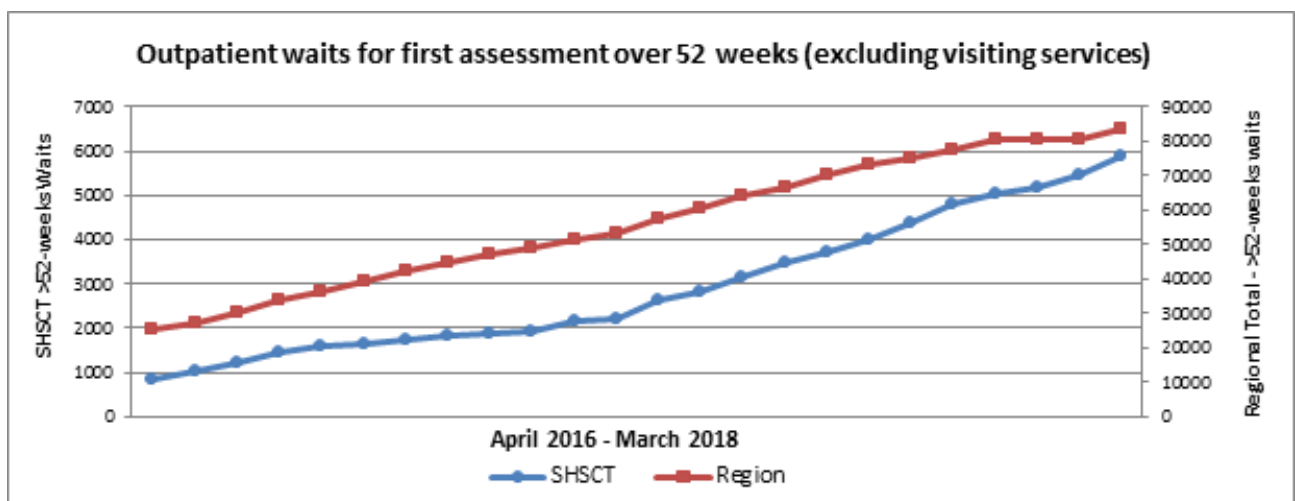
### Analysis of Performance against Objectives in 2017/18

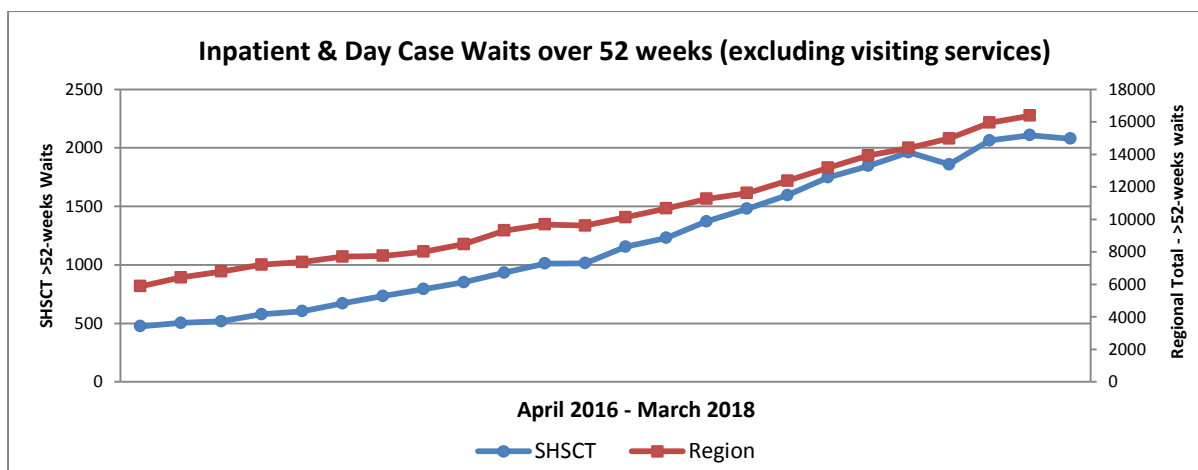
This year, like last, has been a challenging year for the Trust in terms of securing the level of resources needed to meet demand in the southern area for the delivery of objectives and also in recruiting and retaining the required skilled and experienced workforce necessary to deliver services to meet demand. The Trust has worked closely with local and regional commissioning teams and with other service providers throughout the year to address these pressures however significant challenges remain. A summary of key areas is highlighted below:

## Elective Objectives

In keeping with regional trends these pressures are overtly reflected in the **increase in wait times for routine elective assessments and treatments** as identified in graph 1 below.

- At the end of March 2018, 5,888 of the patients who were waiting for a routine **(new) Outpatient assessment**, were waiting over 52 weeks; this is equivalent to 14.7% of all those waiting. Only 33% were waiting less than 9 weeks which is the current target.  
At the end of March 2017, 2,225 of the patients who were waiting for a routine **(new) Outpatient assessment**, were waiting over 52 weeks; this was equivalent to 6.5% of all those waiting. 38% of total patients were waiting less than 9 weeks
- Similarly at the end of March 2018 2,079 of the patients who were waiting for **treatment as an inpatient or as a day patient** were waiting over 52 weeks (1,014 at March 2017) with the longest waits related to gaps in service capacity in urology, pain management and orthopaedics .
- In **mental health services** less patients waited longer than 9 weeks for their routine (new) Outpatient assessment than last year;
  - with 101 waiting over 9 weeks at the end of March for adult mental health services, (269 at end of March 2017)
  - no patients waiting more than 9 weeks for child and adolescent mental health services (2 at March 2017), and
  - 84 waiting over 13 weeks for psychological therapies assessment (97 at March 2017).





While the Trust has sought to improve capacity within existing resources, treating an additional 4,500 outpatients this year and just under 2,000 inpatient and day patients, significant investment is required to transform and modernise services in line with the vision for delivering a world class health and social care system for Northern Ireland, and to deliver sustainably shorter waiting times. The Department of Health’s ‘Elective Care Plan: Transformation and Reform of Elective Care Services’ published in February 2017 sets out the approach to transformation of elective care services in Northern Ireland to improve access to services for patients, their families and carers, and to deliver sustainably shorter waiting times for assessment and/or treatment.

### Unscheduled Care Objectives

**Increased wait times at Emergency Departments for assessment and admission to acute hospital beds** is similarly in line with regional trends, and does not reflect the service the Trust wishes to offer. Some key statistics for April 2017 to March 2018 are shown below:

- 88% of people who called GP Out of Hours with an urgent condition were triaged within 20 minutes (April 2016 – March 2017: 88%)
- 80% of people who visited Emergency Departments commenced their treatment within 2 hours (April 2016 – March 2017: 78%)
- 75% of people who attended Emergency Departments were treated and discharged home or admitted within 4 hours (April 2016 – March 2017: 75%)
- 2% of people (3,656) who attended Emergency Departments waited over 12 hours (April 2016 – March 2017: 0.5% (910 people))

Focus on ensuring we can offer alternatives to admission and planning to manage discharges effectively for those whose medical care has ended in hospital remains a key priority to improve care and experience for our patients. This year the Trust has invested in a range of initiatives to support these priorities including additional ward based pharmacists supporting preparation of discharge medications to enable earlier discharge and use of new discharge lounges to enable patients to wait for discharge in a non-ward based environment. Targeted support to older people has also been a focus with establishment of a frailty assessment unit at Craigavon Area Hospital, expansion of Acute Care at Home where older patients can be treated in their own homes and utilisation of our residential homes to provide a step down assistance for those needing some assistance before they are fully ready for discharge.

### **Cancer Pathways**

In the early part of this year the Trust was challenged to meet the demand for assessments for those with suspected breast cancer within the 14-day target, due to the inability to secure the required specialist work force.

- 47% of patients referred as suspected breast cancer were seen within 14 days (April 2016 to March 2017: 43%).

During this period The Trust secured capacity in other Trusts for these urgent assessments which was very welcomed. The Trust has now established additional capacity and in the last three months of this year the Trust on average saw 98% of patients within 14 days, which is a significant improvement. Work continues regionally to look at how these services should be delivered across Northern Ireland to ensure the best use of resources and outcomes for patients.

Cancer pathways also measure the time it takes patients from referrals are made with suspected cancer to patients commence their first definitive treatment; the target for this is 62 days.

- 74% of patients were seen and commenced their treatment within 62 days (April 2016 to March 2017: 84%).

Whilst the Trust performs comparatively well on this target this year its key challenges relate to capacity for urology, breast, upper and lower gastro-intestinal surgery which lead to these patients waiting longer.

## **Support to Clients Living at Home and Carers**

A range of objectives seek to support clients living at home and support carers. Some key statistics, below, reflect the position against the formal objectives at:

- 777 clients were availing of direct payments to support their care needs (Quarter 4 – March 2018 position); which is lower than the target sought reflecting some challenges in the rates paid and reluctance of clients to become employers in some cases
- 905 carers were offered 'carers assessments' (Quarter 3 – December 2017 position) which is a significant improvement on Quarter 1 and 2 but not enough to meet the target sought at the end of March 2018
- 128,807 hours of short breaks were offered to clients in non-residential based environments to support carers (Quarter 3 – December 2017 position)

Whilst performance against the formal objectives is not on target the Trust seeks to support services users and their families and has an active carers reference group, a forum specifically for young carers and a mental health forum in place to ensure a strong voice for those supporting services users living at home at home and to engage service users and carers in service developments. In relation to short breaks 65% of all the breaks we offer are in residential and nursing homes; this reflects the preference of carers and might also indicate a greater level of acuity in this area.

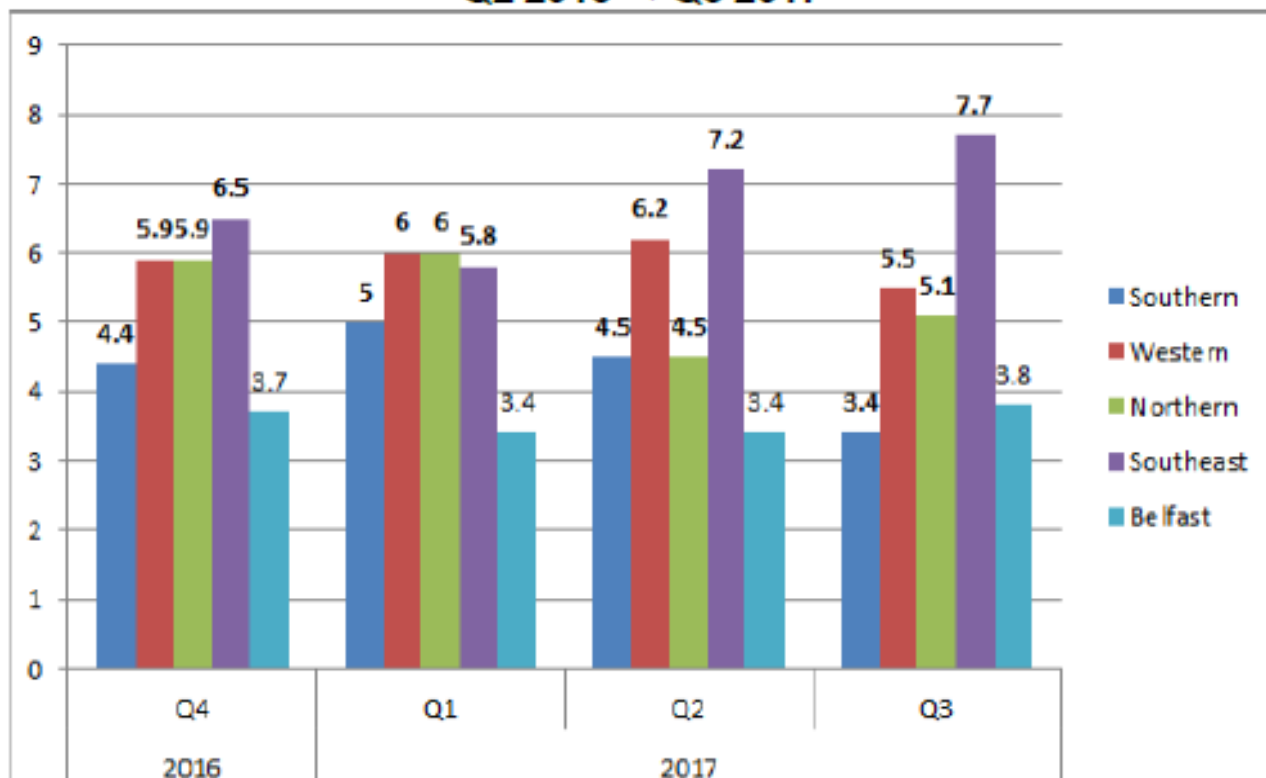
## **Quality Improvement**

Despite these challenges, the Trust remains focused on the delivery of care that is safe, personal and effective and seeks to continually improve and modernise the services offered to make the best use of our resources and improve the quality and experience of our service users.

In addition to the formal objectives the Trust monitors outcomes against its internal objectives set in its Corporate Plan and its Quality Improvement Strategy to ensure a broader range of indicators are measured reflecting safe, personal and effective care. Below are a few examples:

**Safe Care** – The rate of People who fall in Hospitals is a measure of safety. Regional Improvement work focused on falls began in 2011 and a number of proactive initiatives implement on hospital wards has resulted in the Trust’s Falls Rate being consistently one of the best in NI. We continue to monitor this and review all falls individually where moderate to severe harm has occurred to identify opportunities for learning and improvement

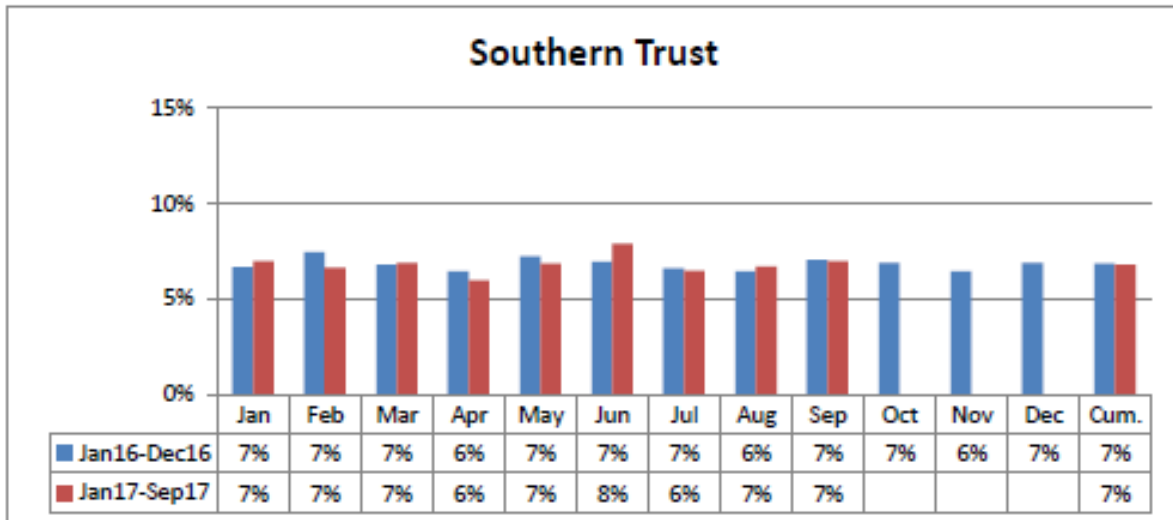
**NI Trust’s Patient Fall Rate per 1,000 Occupied Bed Days  
Q2 2016 → Q3 2017**



**Personal Care** – a planned programme to gather experiences of patients and services users, called 10,000 Voices, is in place regionally and locally. This is useful to gather information on experience and to ascertain where this can be improved. Current surveys are ongoing to gather information on experiences around adult safeguarding, on unscheduled care and discharge planning. In 2017/18 a finalised report on the experiences of young people and families in child and adolescent mental health services was completed.



**Effective Care** - A measure of effectiveness is the number of patients who are re-admitted to hospital as an emergency after a previous admission. The Trust monitors this to ensure that the treatment it provides and duration of the patients stay in hospital was effective. From January to September 2017 on average 7% of patients were re-admitted into the Trust within 7 days of previously being discharged; this is in keeping with the regional average, which is also 7%.



## Southern Trust facts and figures 2017/18

There were a total of **5,827** births in the Southern HSC Trust. There were **4,041** births in Craigavon Area Hospital and **1,786** in Daisy Hill Hospital;

**89,570** people attended Craigavon Area Hospital Emergency Department and **56,247** attended Daisy Hill Hospital Emergency Department;

A total of **35,003** people received treatment at the Minor Injuries Units at South Tyrone Hospital;

Total Number of Outpatient Attendances – **371,537**

- New outpatient attendances – **108,501**
- Review outpatient attendances – **263,036**;

Total number of inpatient admissions – **59,760**

- Elective – **5,794**
- Non-elective – **53,966**;

The Trust received **15,017** child care referrals;

**The GP Out of Hours (OOH) service** received **90,381** initial patient telephone calls into the GP OOHs service which sees an increase of over 2,000 contacts from the previous year;

- **50,920** patients were assessed by a GP, Nurse or Pharmacist via telephone and provided with healthcare advice;
- **34,667** patient appointments were provided in the Out of Hours centres at Daisy Hill, South Tyrone, Armagh, Craigavon and Kilkeel;
- **436** patients did not attend for a booked appointment;
- **4,794** home visits to patients were undertaken by GPs across the Trust area;
- **169** patients chose to attend the Out of Hours centre in Castleblayney (via the CAWT cross border project).

The Trust spent £1.883m gross per day delivering services to local people.

## **Financial Performance 2017/18**

### **Financial Position**

As predicted 2017/18 was another exceptionally difficult year for the entire Health & Social Care System in financial terms and the Trust was not immune to the twin pressures of increasing demand and rising costs. We have remained focused on delivering real service improvements at the same time as dealing with increased demand.

In order to deliver a balanced financial plan across the HSC it was necessary for Trusts to develop savings plans to deliver their share of a total of £70m of savings in 2017/18, the Trust's share of this target was £6.4m. In addition £1.5m of pharmaceutical savings were required.

The Trust, through a combination of staff dedication and strong corporate governance, has worked hard to balance high quality, safe patient care together with increasing demands for our services.

Despite the emergence of a number of cost pressures during the year, most particularly as a direct result of the increased activity during the winter months and workforce pressures, the Trust has been able to achieve financial balance in 2017/18.

### **Financial Environment**

Such was the scale of the financial challenge facing Trusts in 2017/18, it was incumbent on all organisations to commence planning for 2017/18 during 2016/17.

The outcome was to ensure financial break-even with less income in real terms and at the same time securing delivery of modernisation and reform. Planned expenditure was considered on a programme of care basis and included considerations of both existing baselines and incremental changes applicable to 2017/18.

It is widely acknowledged that the Trust has consistently delivered efficiency savings over a number of financial years and as a direct result that they are becoming more difficult to achieve recurrently.

The Trust also continued to experience a range of cost pressures during 2017/18, a significant proportion of which was directly linked to a growth in Emergency Department demand, unscheduled care demand and physical and disability care packages.

Notwithstanding the enormity of the challenge the Trust achieved financial balance in 2017/18 in tandem with driving forward the reform agenda.

## **Financial Targets**

The Trust is required to operate within revenue and capital budgets delegated to it by the Department of Health, (DoH) and the Health and Social Care Board, (HSCB).

This has been achieved through the successful implementation of the Trust's financial plan for the year and the efficient use of resources.

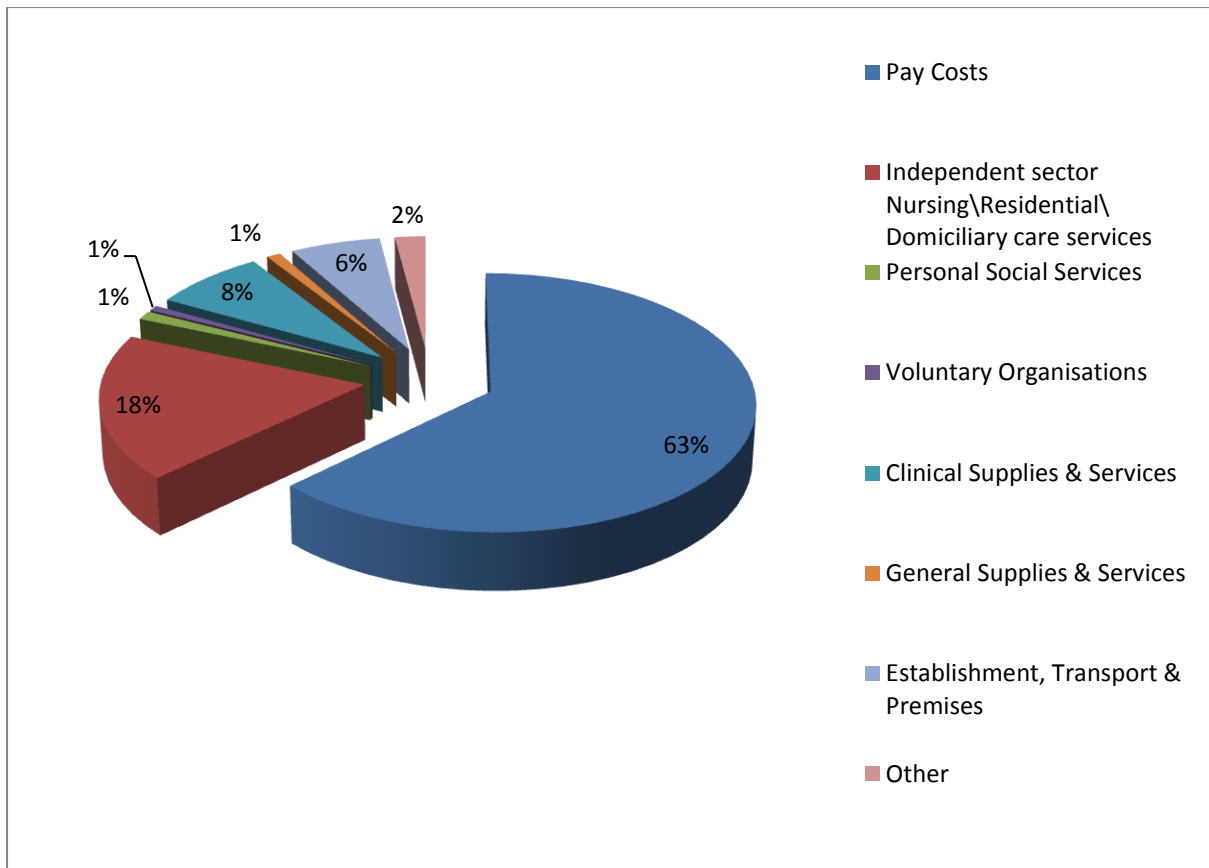
## **Financial Governance**

At the beginning of each financial year the Trust prepares a detailed financial plan which is approved by Trust Board. This plan forms the basis of how our budgets are to be allocated across all Directorates. Financial performance is monitored and reviewed monthly with all Directors and detailed financial reports and year-end forecasts are produced monthly for both Trust Board and the Trust's Senior Management Team. Once again the Trust has been successful in achieving a substantive level of compliance for the core standard of Financial Management.

## **Income and Expenditure in 2017/18**

The Trust receives the vast majority of its income, 93%, from the Department of Health (DoH), through the HSCB. In addition the Trust is provided with an allocation for medical education. The largest single remaining funding stream is the income received from clients in residential and nursing homes.

The Trust's total expenditure in year was £687m and, as in previous years, staff costs are the largest component of expenditure accounting for 59% of operating expenses. The chart below provides a summary of expenditure into its main elements:-



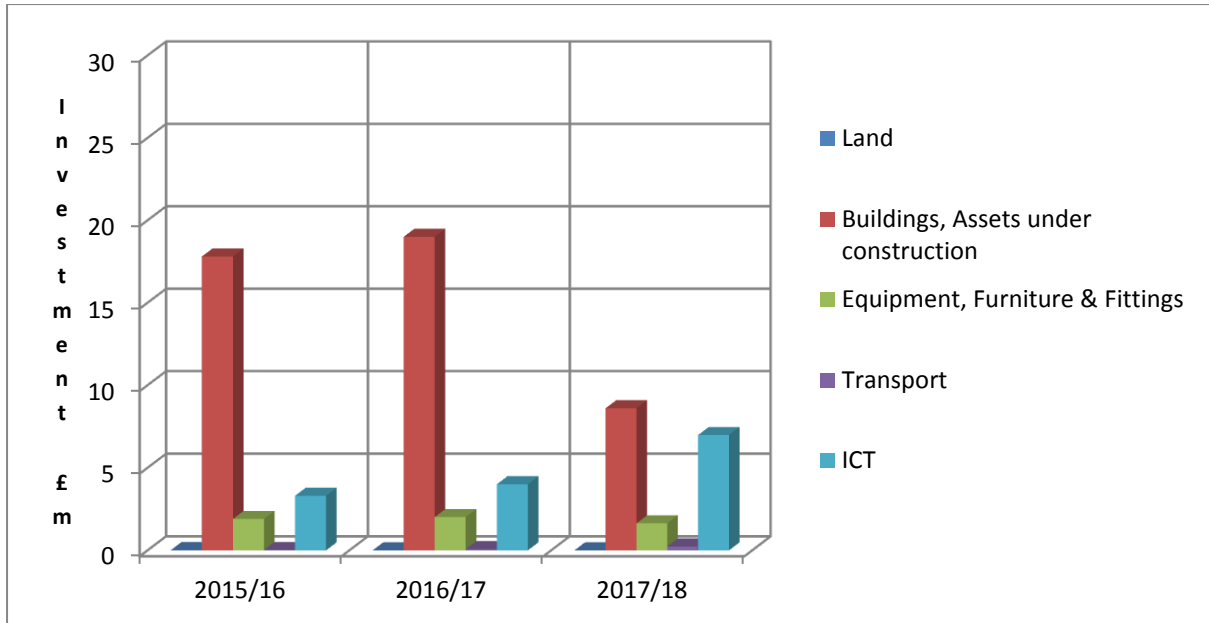
Expenditure remained within the Revenue Resource Limit (RRL) of £645m by £40k.

### Capital Investment

The Trust receives an annual capital allocation to help support the expenditure required to develop and maintain the infrastructure required to provide the facilities necessary for the provision of services to all our patients and clients.

The Trust had a capital allocation of £16.97m, for 2017/18, £6.4m of which related to major specific schemes, including £2.5m for a Paediatric Unit at CAH, £3.7m for Paediatric Unit at DHH.

The Trust is constrained by the Capital Resource Funding, (CRL), made available for capital investment, however, as the diagram below demonstrates significant investment has been made over the last 3 financial years:-



In 2017/18 the Trust kept within the Capital Resource Limit (CRL) of £16.97m by £39k. The amount of capital investment afforded to the Trust is directly influenced by the overall economic environment. It is difficult to envisage a situation where the Trust will have access to the absolute full investment required and as such the Trust will be required to continue to ensure that funding is utilised in a manner that provides stability for its core services in the future.

### Compliance with Prompt Payment Policy

The Department of Health 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).

	<b>2018 Number</b>	<b>2018 Value £000s</b>	<b>2017 Number</b>	<b>2017 Value £000s</b>
<b>Total bills paid in year</b>	<b>223,112</b>	<b>312,757</b>	<b>216,066</b>	<b>306,074</b>
<b>Total bills paid within 30 days or under agreed payment terms</b>	<b>205,771</b>	<b>278,753</b>	<b>200,230</b>	<b>273,923</b>
<b>Percentage of bills paid within 30 days or under agreed payment terms</b>	<b>92.2%</b>	<b>89.1%</b>	<b>92.7%</b>	<b>89.5%</b>
<b>Total bills paid within 10 days</b>	<b>178,443</b>	<b>241,358</b>	<b>177,616</b>	<b>241,862</b>
<b>Percentage of bills paid within 10 days</b>	<b>80.0%</b>	<b>77.2%</b>	<b>82.2%</b>	<b>79.0%</b>

Performance in 2017/18 showed a slight decline primarily due to the impact of an upgrade to the finance system mid year which caused increased delays in the approval and processing of invoices for payment for a number of months. This position had recovered by the year end. The Trust incurred a charge of £181 in year in respect of late payment of commercial debt.

### **Going Concern**

The Trust is beginning the 2018/19 financial year with a substantial underlying funding gap. A budget settlement for 2018/19 has been agreed for DoH, however, at this stage there is no formally agreed budget for the Trust for the coming financial year.

The cost of providing services is increasing, with estimates suggesting 5-6% annually. This is due to an increasing ageing population with greater and more complex needs, increasing costs for goods and services, and growing expertise and innovation which mean a more extensive range of services are available, supporting improvement in the health of our population. All of these factors combine to impose an upward pressure on the funding required just to stand still. The forecast cost to maintain existing services in 2018/19 is estimated to be some £5,466m in NI. This represents an increase of £281m or 5% when compared to the overall forecasted outturn for 2017/18.

The 2018/19 budget settlement announced for the DoH is £5,306m, whilst this represents an increase of 2.6% when compared to the full allocation for 2017/18 it remains £160m short of what is required.



Extensive budget planning work to support the 2018/19 position is ongoing between the Trust, HSCB and DoH. As a Trust we must ensure that our limited resources are used to maintain safe services and to achieve the best outcome for our population. It also means that we must continue to embrace and pursue the transformation agenda to safeguard vital services for the future.

There is no doubt that 2018/19 will be another exceptionally difficult year for the entire Health and Social Care System but as with other financial years the Trust remains committed to achieving financial break-even.

This financial risk has been outlined in the Governance statement on pages 72-74.

### **Donations and Fundraising**

Charitable donations help us to improve the quality of care we provide to our patients and clients across the Trust. During 2017/18 the Trust received donations, income and legacies totalling £216k. The donated income is received mainly from former patients, clients and their relatives in recognition of the Trust's work and 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

Examples of improvements the Trust Funds have supported financially during 2017/18 as a result of donations and legacies received include:

- Educational video for paediatric surgery journey
- Line Therapy chairs
- Emergency patient clothing
- Staff specialist training – including lymphedema, advanced communication, sensory training – this is staff education over and above that which would normally be provided
- Cardio respiratory monitors
- Reflexology for cancer patients

If you would like to make a donation to the Trust to help us continue to enhance the experiences of patients and clients in our care, please email us at [donations@southerntrust.hscni.net](mailto:donations@southerntrust.hscni.net).

## Sustainability Report – Protecting the Environment

### Environmental Benchmarking



The Southern Health & Social Care Trust achieved Gold status (between 80% - 90%) in the 2017 Northern Ireland Environmental Benchmarking Survey.

The Trust continues to promote the achievement of “Single Planet Living” in all Trust activities and across its wider sphere of influence. The concept of “Single Planet Living” is based on the principle of everyone living within their available environmental resources i.e. living a sustainable lifestyle.

### Sustainability Strategy 2020

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

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

Through its Sustainability Strategy 2020, the Trust promotes a proactive approach to management of its environment and aims to maximise benefits and minimise risks to clients, staff, visitors, contractors and others.

### Sustainability Policy

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

### 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 overall carbon emissions have been reduced by 31% (2016/17) but this was mainly due to the requirement for reporting on carbon emissions from oil consumption being removed.

Comparing 2016/17 and 2015/16 carbon emissions were reduced by 7.54%.

Actual carbon emissions for the Trust have been reduced by 43.5% comparing 2016/17 with 2010/11 with the energy demand at hospital sites having the most impact due to the increased use of facilities and providing critical care to patients. This is significant achievement as energy demand continues to increase across Trust facilities but it clearly demonstrates the impact of the Trust taking the decision to no longer use Heavy Fuel Oil (HFO) but instead move towards using natural gas which is where there has been significant investment over the last few years. The reduction in gas consumption was due to a series of technical issues relating to the operation of the CHP unit at Daisy Hill Hospital.

Southern Trust performance comparing the last two years as below for the main utilities:

Utility	2015/16	2016/17	Variation (%)
<b>Natural gas consumption (kWh)</b>	49,459,166	44,945,930	-9.13%
<b>Natural gas cost (£)</b>	1,691,916	1,343,979	-20.50%
<b>Electricity consumption (kWh)</b>	26,160,150	26,475,707	1.20% +
<b>Electricity cost (£)</b>	2,593,879	2,909,864	12.18% +
<b>Oil consumption (kWh)</b>	26,753,842	14,614,413	-45.37%
<b>Oil cost (£)</b>	774,073	510,771	-34%

## WASTE

### Waste Management

The Southern Trust in 2016/17 generated 1,795 tonnes of domestic waste and 832 tonnes of clinical waste.

### General waste

The general waste is treated and then used as a refuse derived fuel in factories in Europe. The Trust achieved a recycling rate of 5.6% of cardboard and 9.98% of Mixed Dry Recyclables.

The Trust endeavours to increase recycling (in 2016/17 cardboard recycled increased by 10% and Mixed Dry Recyclables by 49%) where possible.

Southern Trust performance comparing the last two years as below for general waste is:

Waste	2015/16	2016/17	Variation (%)
Cardboard (tonnes)	91.56	100.72	10%+
Domestic waste (tonnes)	1336.73	1514.94	13.33%+
Recycling (tonnes)	119.92	179.30	49%+

### Clinical waste

Clinical waste is autoclaved by the contractor and where possible sent for refuse derived fuel otherwise it is sent to landfill. The hazardous clinical waste is sent to Leeds for high temperature incineration.

Southern Trust performance comparing the last two years as below for clinical waste is:

Waste (tonnes)	2016	2017	Variation (%)
Craigavon Area Hospital	540.97	554.93	2.58 +
Daisy Hill Hospital	204.27	205.66	0.68 +
Lurgan Hospital	24.07	27.20	13.00 +
South Tyrone Hospital	35.17	36.33	3.29 +
St. Luke's Hospital	8.82	8.26	-6.35
<b>TOTAL</b>	<b>813.30</b>	<b>832.38</b>	<b>2.35 +</b>

### Other waste types

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.

On behalf of the Southern HSC Trust, I approve the Performance Report encompassing the following sections:

- Performance overview
- Performance analysis

**Signed:**

Shane Devlin  
Accounting Officer

Date: 7th June 2018

# 2

## Accountability Report

## Overview

The purpose of the Accountability Report is to meet key accountability requirements to the Northern Ireland Assembly. The report contains three sections: the Governance Report, the Remuneration and Staff Report, the Accountability and Audit Report.

The purpose of the Governance Report is to explain the composition and organisation of the Southern HSC Trust's governance structures and how these support the achievement of the Trust's objectives.

The Remuneration and Staff Report sets out the Southern HSC Trust's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors. In addition the report provides details on overall staff numbers, composition and associated costs.





The Accountability and Audit Reports brings together some key financial accountability documents within the annual accounts.



## Governance Report

### Directors' Report

The Board of Directors during the year was as follows:

	<p><b>Mrs Roberta Brownlee</b></p> <p>Chair</p> <p>Tel: 028 3756 0142</p> <p><a href="mailto:Roberta.Brownlee@southerntrust.hscni.net">Roberta.Brownlee@southerntrust.hscni.net</a></p>
<b>Executive Directors</b>	
	<p><b>Mr Shane Devlin</b></p> <p><b>Chief Executive</b> (Commenced 19 March 2018 )</p> <p>Tel: 028 3756 0144</p> <p><a href="mailto:Shane.Devlin@southerntrust.hscni.net">Shane.Devlin@southerntrust.hscni.net</a></p>
	<p><b>Mr Francis Rice</b></p> <p>Interim Chief Executive (April 2016 – March 2018)</p>
	<p><b>Mr Stephen McNally</b></p> <p>Acting Interim Chief Executive (January 2017 – July 2017) (November 2017 – March 2018) Director of Finance and Procurement (July 2017 – November 2017) (18 March 2018 – 31 March 2018)</p>



**Ms Helen O'Neill**

Acting Director of Finance and Procurement  
(January 2017 – July 2017)  
(November 2017 – Present)  
Assistant Director of Finance and Procurement  
(July 2017 – November 2017)

Tel: 028 3756 0134

[Helen.ONeill@southerntrust.hscni.net](mailto:Helen.ONeill@southerntrust.hscni.net)



**Mr Paul Morgan,**

Director of Children and Young People's Services / Executive Director for  
Social Work

Tel: 028 3756 0952

[Paul.Morgan@southerntrust.hscni.net](mailto:Paul.Morgan@southerntrust.hscni.net)



**Dr Richard Wright,**

Medical Director

Tel: 028 3756 0136

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



**Mrs Angela McVeigh,**

Director of Older People and Primary Care / Interim Executive of Nursing  
and AHPs

(up to October 2017)



**Mr Bryce McMurray,**

Acting Director of Mental Health and Disability Services / Interim Executive  
of Nursing and AHPs (October 2017 – December 2017)

(up to December 2017)



**Mrs Heather Trouton**  
Interim Executive Director of Nursing and AHPs

(Commenced January 2018)

Tel: 028 3756 1324

[Heather.Trouton@southerntrust.hscni.net](mailto:Heather.Trouton@southerntrust.hscni.net)

## Directors



**Mrs Aldrina Magwood,**  
Director of Performance and Reform

Tel: 028 3756 0123

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



**Mrs Vivienne Toal,**  
Director of Human Resources and Organisational Development

Tel: 028 3756 0125

[Vivienne.Toal@southerntrust.hscni.net](mailto:Vivienne.Toal@southerntrust.hscni.net)



**Mrs Esther Gishkori,**  
Director of Acute Services

Tel: 028 3861 2510

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



**Mrs Carmel Harney,**  
Interim Director of Mental Health & Disability Services

(Commenced January 2018)

Tel: 028 3883 3222

[Carmel.Harney@southerntrust.hscni.net](mailto:Carmel.Harney@southerntrust.hscni.net)



**Mrs Melanie McClements,**  
Interim Director of Older People & Primary Care

(Commenced October 2017)

Tel: 028 3756 0115

[Melanie.McClements@southerntrust.hscni.net](mailto:Melanie.McClements@southerntrust.hscni.net)

## Non-Executive Directors



**Mrs Siobhan Rooney**

(Chair of Endowments and Gifts Committee)



**Mrs Hilary McCartan**

(Chair of Audit Committee)



**Ms Eileen Mullan**

(Chair of Governance Committee)



**Mr John Wilkinson**

(Chair of the Patient & Client Experience Committee)



**Ms Geraldine Donaghy**



**Mr Martin McDonald BSc (Econ), Dip.T.P.,MBE.**



**Mrs Pauline Leeson, CBE**

*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 37561014.*

## **Audit**

The accounts and supporting notes relating to the Trust's activities for the year ended 31 March 2018 have been prepared in a form determined by the Department of Health 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 96-97.

The 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 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 2018 which pertained solely to the audit of the Public Funds Accounts was £44,000. 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 2017/18.



## 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 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 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, as Principle Accounting Officer for Health and Social Care Resources in Northern Ireland, has designated Mr Shane Devlin 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.

## **Governance Statement for the Year ended 31 March 2018**

### **1. Introduction/Scope of Responsibility**

The Board of the Southern HSC Trust (the Trust) is accountable for internal control. As Accounting Officer and Chief Executive of the Trust, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the organisation's 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 (DoH).

In delivering these responsibilities, I am accountable for the Trust's performance to the Health and Social Care Board (HSCB) and DoH 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 aims of Programme for Government and HSC Ministerial vision;
- 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;
- 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; and
- Senior Leadership and partnership working with councils in support of local Community Plans.

With respect to the Trust's inter-relationship with the DoH, 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 throughout 2017/18 has continued to further strengthen its corporate governance arrangements. The Trust does this by undertaking continuous assessment of its compliance with Corporate Governance best practice by having in place various measures which include the following:

### **Standing Orders, Scheme of Delegation and Standing Financial Instructions**

These provide the regulatory framework for the business conduct of the Trust and define its ways of working. These documents have recently been updated to take account of the revised Management Statement and Financial Memorandum issued by the Department of Health to the Trust in September 2017.

### **Register of interests**

A Register of Interests for Board members and staff is in place and updated annually and where relevant, throughout the year.

### **Self-Assessment**

In line with best practice, the Board completes the Department of Health Board Governance Self-Assessment Tool on an annual basis. This tool supports the Board in assuring its governance arrangements and the identification of any developmental needs. The completed template in respect of the 2017/18 financial year was discussed in depth at the Board Workshop on 26<sup>th</sup> April 2018 prior to formal approval at the Trust Board meeting on 25<sup>th</sup> May 2018. Any relevant issues will be reported to the Department.

In addition, the Trust receives assurance from external and internal auditors through the Report to those Charged with Governance and Internal Audit reports.

## **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 (as referred to above);
- 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 has an Integrated Governance Framework in place which covers all domains of governance associated with the delivery of health and social care services.

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 Trust Board is the corporate decision-making body. Its role is to consider the key strategic and managerial issues facing the Trust in carrying out its statutory and other functions. Trust Board is comprised of a Non-Executive Chair, seven Non-Executive Directors, a Chief Executive and four Executive members. Five members of the Senior Management Team also attend Trust Board meetings in a non-voting capacity. During 2017/18 there were four retirements creating a number of changes to the membership of Trust Board. In addition, the long term interim Chief Executive arrangement, which has been in place since April 2015 until March 2018, has resulted in a number of interim appointments both at this level and at Director level. A new Chief Executive is in post from March 2018 and a request for approval to recruit permanently into Director vacancies was submitted to the Department of Health at the start of May 2018. Revised Job Descriptions for all posts have been submitted along with the Trust's request. The Trust is currently awaiting the Department's formal response to this request.

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. The agenda regularly includes presentations on service improvements as a result of feedback/learning from service users. The Board agenda is kept under regular review.

Three Board workshops were held during the year and in addition a facilitated Board Development Day was held on 16 November 2017. The primary objective of the development day was to optimise the Board's performance by evaluating and accessing member's thinking preferences and workstyles and aligning them effectively to the strategic objectives of the Trust.

During the year the Board embarked on an exciting pledge, namely the introduction of ‘The Young People’s Pledge’ whereby Board members meet and work with young people within the Southern Trust to listen to their views on services and ideas to drive forward service improvement. These meetings are part of a continuing cycle of engagement and improvement where outcomes and actions are fed back to the young people.

In the 2017/18 year, the Trust Board held fourteen formal Board meetings in public and, in accordance with Standing Orders, were quorate for each meeting. The table below details members’ attendance.

Name of Board member	Attendance
<b>Non Executive</b>	
Mrs R Brownlee, Chair	14/14
Ms G Donaghy	13/14
Mrs P Leeson	9/12
Mrs H McCartan	12/14
Mr M McDonald	11/14
Ms E Mullan	13/14
Mrs S Rooney	14/14
Mr J Wilkinson	12/14
<b>Executive Director (Voting)</b>	
Mr S Devlin, Chief Executive (From 19 March 2018)	1/1
Mr F Rice, Interim Chief Executive	5/5
Mr S McNally, Acting Chief Executive	14/14
Mr P Morgan, (Social Work)	11/14
Dr R Wright, (Medical)	11/14
Ms H O’Neill, (Finance) (To July 2017 and From November 2017)	11/11
Mrs A McVeigh, (Nursing and AHPs) (To October 2017)	8/8
Mr B McMurray, (Nursing and AHPs) (To December 2017)	10/11
Mrs H Trouton, (Nursing and AHPs) (From January 2018)	3/3
<b>Director (Non Voting)</b>	
Mrs E Gishkori, (Acute Services)	11/14
Mrs C Harney, (Mental Health and Disability Services)	3/3
Mrs M McClements, (Older People and Primary Care Services)	6/6
Mrs A Magwood, (Performance and Reform)	12/14
Mrs V Toal, (Human Resources and Organisational Development)	14/14

## **Committee structure**

All Trust Board Committees are chaired by a Non-Executive Director and have clear terms of reference and lines of reporting and accountability which are reviewed and agreed by the Trust Board on an annual basis. These Committees review, scrutinise and challenge the information they receive in order to assure the Board that Trust processes are delivering outcomes to the required standards. 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 template. 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. Attendance records of each Committee are maintained and included in the each Committee's annual report to Trust Board.

The functions of each Committee are outlined below.

### **Audit Committee**

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

During 2017/18, the Committee held five meetings with 81% attendance.

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 2017/18, with Directors attending as required. 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.

Also on an annual basis, the Committee reviews the findings of the External Auditor concerning the Trust's Annual Accounts, including the Governance Statement.

The Chair of the Audit Committee provides the Board with an Annual Report on the work of the Audit Committee. The Audit Committee completes the National Audit Office self-assessment checklist annually. I confirm that there were no issues that required to be addressed in 2017/18 following completion of the 2016/17 template.

### **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 2017/18, the Governance Committee met on four occasions with 82% attendance.

The Committee has oversight of the completeness of the Corporate Risk Register and reviewed the Corporate Risk Register at each meeting. During the year, it sought assurances and received progress updates on areas highlighted through the risk management process such as Cyber Security.

The Chair of the Governance Committee provides the Trust Board with an annual report on the work of the Committee. This includes an evaluation of the performance of the Committee during the year and I confirm that there were no issues raised.

### **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.

During 2017/18, the Committee held five meetings with 93% attendance.

The Chair of the Endowments and Gifts Committee undertook an evaluation of the performance of the Committee during the year and there were no issues raised.

### **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 2017/18 with 100% attendance.

### **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.



During 2017/18, the Committee held four meetings with 70% attendance.

Following a Patient and Client Committee workshop and the publication of the Trust's Quality Improvement Strategy, the Committee adapted and strengthened its Terms of Reference and work plan accordingly.

#### 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.

Economic conditions are such that they place strict funding restrictions on the Trust and the demand for services is increasing at a time when the local population is also growing at a faster rate than the rest of Northern Ireland. A requirement to review priorities and ways of working in order to make best use of our available resources is now a constant feature of service delivery and brings significant new challenges to corporate governance and risk management.

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

The Trusts' **4 Year Corporate Plan 'Improving Together'**, approved by the DOH aims to ensure clarity about the strategic direction for services delivered by the Trust during 2017/18 – 2020/21. This plan builds on the Trusts 2015-2018 strategic plan "*Improving Through Change*". It sets out the actions the Trust will take in support of each of the corporate objectives to 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.

The plan sets out the Trust's *vision* to deliver 'Quality Care – For you, with you' which is a statement that reaffirms the Trust commitment to build on our solid foundation of working with our service users and staff to improve health and social care delivery. This vision is also underpinned by the Trust's *values* which shape what we do and how we do it. The Trust values can be abbreviated to the Southern Trust 'Cares' - *Compassion, Accountable, Respect, Effective and Safe*.

The Strategic Plan is supported on an annual basis by the Trust's Delivery Plan.

The **Trust Delivery Plan (TDP)** represents the Trust's annual response to Regional and Local Commissioning Plans and to the specific targets signalled in the Minister's Commissioning Plan Direction. The TDP identifies how the Trust will seek to deliver on each of the key commissioning and ministerial priorities for the incoming year. It also sets out how the Trust will utilise its resources 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 within the Commissioning Plan are allocated to Directorates. It is the responsibility of Assistant Directors and 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 upon their successful delivery are highlighted at Divisional and Directorate Team meetings or staff supervision throughout the year.

The TDP is brought to SMT and Trust Board for approval prior to submission to HSCB. The HSCB approves the TDP.

The Trusts performance management framework defines arrangements for monitoring and review of performance at operational and corporate level. Formal reporting is in place on commissioning plan objectives and goals for improvement at executive and Board level on a monthly basis. During 2017/18, the Trust also commenced development of 'Performance Improvement Trajectories' as part of the HSCB revised performance management framework. This is a new approach to setting stretching improvement targets. The trajectories must be set in the relevant organisational context at a practical level in terms of workforce, finance and/or other operational factors anticipated to impact on the Trust's performance against its Service and Budget Agreement (SBA).

**Directorate Management Action/Work Plans** are developed annually on the basis of the Corporate Plan and TDP. These plans summarise the key deliverables falling under each objective. In an effort to a move towards Outcomes Based Accountability (OBA), as set out in the Programme for Government, Trust Directorates made initial attempts to re-frame their year one action plans in line with the outcomes set in the 4 year strategic plan together with detailing the actions and timeframes for achievement. Progress updates are generally carried out on a quarterly basis for Directorate level review with escalation as required at quarterly Directorate Accountability meetings with the Chief Executive. Annual progress reports are reviewed by Trust Board.

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 Trust has a Risk Management strategy (2014) to ensure that the Trust manages all risks using a systematic and consistent approach. Risk Registers are developed at Department, Divisional, Directorate, and Corporate levels to record all forms of risk including clinical, financial and operational risks.

A revised structure for the Corporate Risk Register was put in place during 2017/18. 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. All risks must be graded in accordance with the risk matrix and entered on the appropriate risk register.

The Senior Management Team reviews the Corporate Risk Register at each SMT Governance meeting on a six weekly basis.

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

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust. Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. To support staff through the risk management process, specialist guidance and support has been available along with access to policies and procedures. There are also 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 Trust has been focusing on strengthening risk management, including adverse incident reporting, complaints handling and risk management training. It has developed an organisational forum which concentrates on shared outcomes and learning across the organisation. The Trust engaged an external provider in 2017/18 to deliver training in the area of Risk Management. Five training days were provided and 134 staff members participated in the training. An internal audit review of risk management in 2017/18 provided a 'satisfactory assurance' rating.

The Trust is actively scoping the potential impact of a 'no deal' outcome from the UK-EU negotiations on the services it provides, in line with the information provided by the Department of Health. The process will continue to be refined as more clarity emerges on the detail of the final agreement during 2018/19.

The system of internal governance is designed to help manage risk rather than to eliminate it and controls must be commensurate with the nature of the risk.

## **5. Information Risk**

Safeguarding the Trust's information is a critical aspect of supporting the Trust in the delivery of its objectives. 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 policies and a suite of procedures and guidance.
- A Personal Data Guardian (Medical Director) to approve data sharing.

- A Senior Information Risk Owner (SIRO) (Director of Performance and Reform) appointed.
- Information Governance Framework Report on use of personal data forwarded to SIRO and Trust Board annually.
- Freedom of Information and Data Protection Requests summary of compliance reported to Trust Board on a quarterly basis.
- Information Asset Owners (IAOs) are in place to reduce the risk to personal information within the Trust and training and advice provided to ensure they are aware of their responsibilities;
- An information sharing register which records the details of all episodes of sharing of Trust data with other bodies; and
- Privacy Impact Assessment template disseminated to ensure privacy issues are considered prior to project implementation.

In addition, the Trust is taking appropriate steps and has carried out the necessary actions to ensure it is appropriately prepared for implementation of the General Data Protection Regulations (GDPR) in May 2018. The Information Governance Department participates in the work of the regional GDPR Sub Group which was commissioned by the Department of Health in 2016. An Action Plan has been developed and is being progressed by Information Governance leads in all Trusts. A Fair Processing (Privacy Notice) which provides details of the processing of personal data has been developed and will be rolled out to all Trusts. Liaison with the Information Commissioner Office (ICO) is ongoing as guidance and advice on GDPR is disseminated and clarified. The Trust's Information Governance Department has drafted a Communications Plan to ensure all staff groups are informed of changes in legislation appropriate to their service area and face to face awareness sessions have been arranged for all relevant teams. Privacy Impact Assessments have also been implemented in the Trust.

An Internal Audit during 2017/18 has provided 'satisfactory' assurance in relation to GDPR Readiness within the Trust.

As at 31<sup>st</sup> March 2018, 74% of Trust staff were trained in Information Governance. This is closely monitored and reminders are sent to Line Managers on a regular basis to encourage uptake of this mandatory training.

Information Governance incidents are reported in accordance with the HSC Risk Management strategy. One incident has been reported to the Information Commissioners Office (ICO) during 2017/18. This incident has been fully investigated and action plans have been implemented. Internally, information governance incidents are monitored and reviewed at the Information Governance Committee; ensuring lessons learned are disseminated throughout the Trust.

## 6. Public Stakeholder Involvement

The Trust recognises that the involvement of service users, carers and other stakeholders in the identification and management of risk is fundamental to its Personal and Public Involvement (PPI), Patient Client Experience (PCE) and Quality Improvement strategic agendas and operational plans.

The Trust remains committed to ensuring that the statutory duty for Personal and Public Involvement (PPI) is embedded into all aspects of its business.

The Director of Older People and Primary Care Services is the lead Director for PPI and has responsibility for the development of the Trust's PPI strategy and application of practice across the Trust.

A non-Executive Director chairs the Patient Client Experience Committee, the purpose of which is to provide assurance to the Trust Board that the Trust's services, systems and processes provide effective measures of patient/client and community experience and involvement; and to identify opportunities for development to deliver on-going improvements, including the identification and management of risks. The Patient Client Experience Committee includes in its membership four service user and carer representatives who have been elected to the committee by the Trust's Service User and Carer PPI panel.

During 2017/18 the PPI Team in partnership with the Trust's Service User and Carer PPI Panel and relevant Trust staff contributed to a range of PPI initiatives such as:

- Reviewed its PPI Strategic Action Plan
- Published the "Review of Strategy to Enhance PPI within the Trust"
- Published an up-dated PPI Framework "*Involving for Improvement*" which together with the new PCE Framework, feeds into the Trust's new Quality Strategy 2017 – 2021. The PPI Framework has been developed to outline the Personal and Public Involvement Cycle within the Southern Trust highlighting the connections between the Patient Client Experience/10,000 Voices, Complaints and Compliments, Co-production and Quality Improvement which are underpinned by the use of community development approaches throughout. This has been developed in order to further embed the capacity of Trust staff to ensure that they exercise opportunities to involve service users and carers in the identification and management of risks specific to individual service areas.
- Published a PPI Training Booklet to support staff to understand and incorporate PPI into their work practices. A total of 792 staff completed PPI e-learning, 274 staff received face to face PPI training, 455 staff completed PPI related training such as Every Conversation Matters, Patient Client Experience and 588 staff completed training in leadership and coaching which supports PPI practice.
- Reviewed, up-dated and published its Advocacy Information Booklet for staff, service users, carers and other stakeholders

- Developed the annual corporate action plan with defined outcomes that is informed by compliance rates with PPI indicators, PHA PPI Monitoring Report and demonstrates the positive impact of PPI.
- Developed annual Directorate action plans with defined outcomes that demonstrate positive impact of PPI at a service level for patients, service users and carers
- Produced an Annual Report on PPI demonstrating evidence of compliance with Trust's PPI responsibility and work undertaken to address challenges in this area.

All of the actions set out above are indicative of the infrastructure that the Trust has developed and continues to maintain in order to ensure that service users and other stakeholders have the opportunity to be involved in the development of services and service improvements, including identification and management of risk.

Across all Trust Directorates there are at least 25 service user and carer groups that afford the opportunity for them to engage directly in the process of risk identification and mitigation/management as part of wider service improvement initiatives.

In addition to these established groups, the Trust also actively seeks other opportunities to engage with service users and other stakeholders in the further development of its service improvement agenda. A specific example of this is the Daisy Hill Pathfinder Project which adopted a co-production and co-design approach from the outset.

Further information on the Trust's involvement, patient client experience and quality improvement structures, processes and resources to support staff and service users and carers is available at

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

## **7. Assurance**

The Board Assurance Framework is a statutory requirement for the Trust and is an integral part of the Trust's governance arrangements. It describes the relationship between organisational objectives, identified potential risks to their achievement and the key controls through which these risks will be managed, as well as the sources of assurance surrounding the effectiveness of these controls. 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. It assists the Board to ensure that all identified risks are focused on and that effective controls are in place thus providing assurance that a robust risk management system underpins the achievement of the Trust's corporate objectives and the delivery of high quality health and social care.

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 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. 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**

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 2017/18. Most standards have an action plan in place to support improved compliance, albeit this is the last year of operation of these standards.

Substantive compliance is required across all 22 standards.



The table below provides a summary of the expected and achieved levels of compliance for 2017/18.

Standard	DoH Expected Level of Compliance	Trust Level of Compliance
Buildings, land, plant and non-medical equipment	75% - 99% (Substantive)	88% - Substantive
Decontamination of medical devices	75% - 99% (Substantive)	92% - Substantive
Emergency Planning	75% - 99% (Substantive)	82% - Substantive
Environmental Cleanliness	75% - 99% (Substantive)	90% - Substantive
Environment Management	75% - 99% (Substantive)	80% - Substantive
<b>Financial Management (Core Standard)*</b>	75% - 99% (Substantive)	<b>89% - Substantive</b>
Fire safety*	75% - 99% (Substantive)	86% - Substantive
Fleet and Transport Management	75% - 99% (Substantive)	87% - Substantive
Food Hygiene	75% - 99% (Substantive)	91% - Substantive
<b>Governance (Core Standard)*</b>	75% - 99% (Substantive)	<b>90% - Substantive</b>
Health & Safety	75% - 99% (Substantive)	87% - Substantive
Human Resources	75% - 99% (Substantive)	87% - Substantive
Infection Control	75% - 99% (Substantive)	96% - Substantive
Information Communication Technology	75% - 99% (Substantive)	92% - Substantive
Information Management	75% - 99% (Substantive)	85% - Substantive
Management of Purchasing	75% - 99% (Substantive)	82% - Substantive
Medical Devices and Equipment Management	75% - 99% (Substantive)	76% - Substantive
Medicines Management	75% - 99% (Substantive)	86% - Substantive
Research Governance	75% - 99% (Substantive)	94% - Substantive
<b>Risk Management (Core Standard)*</b>	75% - 99% (Substantive)	<b>89% - Substantive</b>
Security Management	75% - 99% (Substantive)	85% - Substantive
Waste Management	75% - 99% (Substantive)	89% - Substantive

**\*De-notes subject to verification by HSC Internal Audit in 2017/18. All others were subject to the Trust's self-assessment.**

The above table demonstrates that the required levels of compliance have been achieved in 2017/18.

## 8. Sources of Independent Assurance

The Trust obtains Independent Assurance from the following sources:

- **Internal Audit;**
- **Regulation and Quality Improvement Authority(RQIA);**
- **Benchmarking;**
- **Medicines and Healthcare Products Regulatory Agency (MHRA);**
- **Human Tissue Authority (HTA);**
- **Human Fertilisation and Embryology Authority (HFEA);**
- **General Medical Council (GMC), General Dental Council (GDC), NI Medical and Dental Training Agency (NIMDTA) and various Royal Colleges**

### 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 2017/18 Internal Audit completed reviews of the following systems:

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
<b>Finance Audits:</b>	
Payments to staff (Trust controls)	Limited
Non pay Expenditure (Trust controls)	Satisfactory Limited - Agency payments
Financial Assessments	Satisfactory
Adult Supported Living	Satisfactory
Catering (Acute Directorate Finance Audit)	Satisfactory – Procurement/contract management and cash management Limited – Stock management at Daisy Hill Hospital
Assurance on processes within two domiciliary care independent sector providers	Satisfactory - 1 provider Limited – 1 provider

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE
Self-Directed Support Payments	Satisfactory
Budgetary Control	Satisfactory
Client Monies in Independent Sector (Residential Homes and Adult Supported Living Facilities in Independent Sector)	Satisfactory  Limited - 2 homes of 12 visited
Management of Contract Adjudication Groups (CAGs)	Satisfactory
Management of domiciliary care contracts	Limited
<b>Corporate Risk Based Audits:</b>	
Mandatory training and staff appraisals	Limited
Management of Medical locums	Limited
Management of Consultant Medical staff	Limited
Management of patient flow – acute discharge process	Limited
Recruitment within the Trust	Satisfactory
Performance management (2 outpatient targets sampled)	Satisfactory
<b>Governance Audits:</b>	
Risk Management	Satisfactory
Claims management	Satisfactory
Information Governance – GDPR readiness	Satisfactory
ICT – Cybersecurity	Satisfactory – Malware prevention  Limited – IT incident management & secure configuration
Use of PARIS in Mental Health Division	Satisfactory

## Consultancy and Other Assignments

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

- Non-pay invoice testing, to test the adequacy of invoice checking by Trust approvers
- Review of culture, focussing on staff experience during unscheduled care winter pressures period
- Regional IT audit, facilitating a self-assessment against the National Cyber Security's Centres suggested controls

Internal Audit also provided a briefing to the Department of Health in 2017/18 on learning from a charity which provided counselling and telephone helpline services for the HSE in the Republic of Ireland. All Trusts have been asked to review their contract management arrangements for social care against the recommendations of the Internal Audit briefing and provided an action plan to the Department of Health.

## Follow up work

At year end, Internal Audit followed up in respect of the implementation 310 previous priority one and two Internal Audit recommendations agreed in Internal Audit reports. 92% of these recommendations were fully or partially implemented. Of the remaining 8%, there was one priority one recommendation not implemented which relates to the accuracy of commissioning and payment of domiciliary care services from the independent sector.

Where it is within the control of the Trust to do so, these recommendations will be progressed in 2018/19.

## 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. The recommendations in these reports are the responsibility of BSO Governance and Audit Committee to take forward.

Shared Service Audit	Assurance
Accounts Payable Shared Services	Satisfactory
Payroll Shared Service (as at March 2018)	Limited
Payroll Shared Service (as at September 2017)	Limited – payroll processing & payroll system stability  Unacceptable – payroll function stability
Income Shared Services	Satisfactory
Recruitment Shared Services	Satisfactory
Shared Service Governance	Satisfactory
FPL Upgrade	Satisfactory

Limited assurance has been repeatedly provided in respect of the Payroll Shared Service and at March 2018 relates to payroll function stability, payroll system stability and payroll processing.

Continued concern is highlighted with regard to the Payroll SSC structure, staffing and resourcing, and previous issues such as the underpayment of employer superannuation contributions remain. 65% of previously agreed recommendations are not fully implemented.

Internal Audit also followed up on the implementation of priority one and priority two BSO shared service recommendations at the end of 2017/18. In total, 284 BSO shared service recommendations were followed up. 99% of these recommendations have been fully or partially implemented and 1% were not yet implemented at the time of review.

#### Overall Opinion for 2017/18

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 is highlighted that limited assurance has been provided in a number of areas, including several payroll related audits and several elements of cyber security.

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

**Payments to staff:** Limited assurance due to incomplete data in respect of all identified overpayments and insufficient controls in place to check potential self-authorisation of claims

by staff where the substitution rule has been delegated downwards on payroll and travel system (HRPTS).

**Non pay expenditure:** Limited assurance due to lack of evidence to support the verification checks on non-medical agency invoices being performed by a sample of Trust approvers prior to authorisation for payment.

**Catering – Acute Directorate Finance Audit:** Limited assurance was given in respect of the Daisy Hill Hospital catering department which did not have a stock management system in place.

**Management of Domiciliary Care Contracts:** Limited assurance as the Trust has limited means of assuring itself that it is actually receiving all commissioned and paid for time and under-claimed hours are not being investigated by Trust key workers.

**Domiciliary Care Independent Sector provider:** Limited assurance as this provider continues to invoice the Trust based on commissioned hours and not actual hours delivered. Trust significant finding related to limited means of assuring itself that it is actually receiving all commissioned and paid for time. This provider is planned for a re-audit in 2018/19.

**Management of Patient Flow:** Limited assurance was given as the Trust did not achieve the minimum discharges per day to effectively manage patient flow through Craigavon Area Hospital. A number of issues hindering achievement of this target were identified to be addressed by the Trust.

**Management of Medical locums:** Limited assurance given due to the use of off contract agencies, the use of enhanced rates in order to get shifts filled and the long term nature of some locum appointments to cover vacancy gaps and the associated cost of such.

**Management of Consultant Medical staff:** Limited assurance was given as just under half of consultants do not have a current and up to date job plan in place and some weaknesses were identified in waiting list initiative payment processes.

**Cyber Security:** Limited assurance was given as the current HSCNI governance and leadership arrangements over cyber security need reviewed, in terms of clarity of responsibility for particular matters e.g. incident management. In addition the Trust's Security incident response plan needs to be tested to assess its effectiveness and data recovery processes could be strengthened.

**Mandatory Training and Staff Appraisal:** Limited assurance was given as both Trust wide staff appraisal rates and 2 of 7 corporate mandatory training areas were below internal Trust targets in 2017/18.

**Management of Client Monies:** Particular issues were found in relation to 2 homes of 12 visited during 2017/18 giving rise to a limited assurance for these 2 homes. Both homes were under the same ownership. The issues found related to personal allowances being paid into the business bank account and cash handling was weak. These homes are planned to be re-audited in 2018/19.

The recommendations of the Internal Auditor to address control weaknesses have been considered by the Audit Committee. The Audit Committee have reviewed management responses to the recommendations made and their implementation will continue to be monitored by the Audit Committee regularly during 2018/19.

### **Fraud cases**

In 2017/18 there have been 12 cases of fraud reported by the Trust and one case reported via the regional fraud hotline which may involve the Trust. All identified actual, suspected and potential frauds are reported to the Audit Committee as a standing agenda item. Of the twelve cases, 7 required investigation of staff pay and allowances claims. Three of these cases were referred to the PSNI in conjunction with investigation by the Counter Fraud and Probity Services. The Trust pursues recovery of losses incurred in all cases. This may be done by deduction of pay under disciplinary procedures or by invoicing the individual and progressing through legal recovery measures.

Two cases reported as referred to the PSNI in 2015/16 remain under investigation by them. One case is with the PPS for consideration of criminal prosecution.

The Trust has carried out a Fraud Risk Assessment over the past year and will use this information, together with recommended best practice on internal controls, to prepare actions lists for each directorate in order to review and strengthen the internal control environment across the organisation.

The Trust takes a zero tolerance approach to fraud in order to protect and support our key public services. We have put in place an Anti-Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define staff responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation. Our Fraud Liaison Officer (FLO) promotes fraud awareness, co-ordinates investigations in conjunction with the BSO counter Fraud and Probity Services team and provides advice to personnel on fraud reporting arrangements. Staff are provided with fraud awareness training in support of the Anti-Fraud Policy and Fraud Response plan, which are kept under review and updated as appropriate every five years.

### **Northern Ireland Audit Office (External auditor)**

The external auditor undertakes an independent examination of the annual financial statements in accordance with auditing standards issued by the Auditing Practices Board.

In addition, the external auditor will provide a Report to those charged with Governance which brings to the attention of the Accounting Officer audit findings and any control weaknesses identified 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 2017/18, the external auditor has brought to the attention of management no priority one issue(s).



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.

## **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 services provided by the Trust or those commissioned from third party providers.

The Trust has a system to track and monitor RQIA thematic reviews and inspections and the Trust responses. With regard to the Independent Sector Care provision, all inspection reports and Serious Concerns by RQIA are discussed and actioned at the Trust Independent Sector Cross – Directorate Governance Committee.

In line with Departmental requirements, the Trust reports bi-annually to the Department of Health on progress against RQIA recommendations.

## **Benchmarking**

The Trust participates in external benchmarking of hospital based data against a UK peer group of like hospitals through a range of external service providers. One service provider provides annual reporting on a range of key performance indicators including efficiency and safety measures providing independent assessment of performance against peers, supporting this function with analysis and support at Directorate level. The Trust has also expanded its external benchmarking outside hospital services via the NHS benchmarking Service, to include some community based services.

## **Medicines and Healthcare Products Regulatory Agency (MHRA)**

MHRA inspect both the Wholesale Dealers License and the Specials Manufacturing License held by the Craigavon Area Hospital pharmacy department. They operate a risk based inspection programme with the last inspection of both licenses being 23<sup>rd</sup> Sept 2014. There were no compliance issues identified by the Trust in 17/18 and there is currently no notice of a future inspection.

## **Human Tissue Authority (HTA)**

The HTA is a regulator body set up in 2005 following events that revealed a culture in hospitals of removing and retaining human organs and tissue without consent. The HTA regulate organisations that remove, store and use human tissue for various purposes. The HTA build on the confidence people have in regulation by ensuring that human tissue and organs are used safely and ethically, and with proper consent. The Trust complies with the requirements necessary to hold an HTA license.

## **The Human Fertilisation and Embryology Authority (HFEA)**

The Trust is subject to the HFEA 1990 Act with the license certified every 4 years for the Fertility Clinic and an inspection every 2 years. The HFEA checks for compliance with the legislation and review the required audits and relevant policies and procedures. There was a recent inspection carried out on the 17<sup>th</sup> of April 2018 with recommendations to be implemented within a designated timeframe.

### **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 2017/18 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 - Closed**

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

#### **Estate Risks**

#### **Service and Maintenance Contracts**

The HSC regional model, a collaboration between BSO Procurement and Logistics Service (PaLS) and Trust Estates teams is now well established and the regional programme is being overseen by the Regional Estates Procurement Group. Procurements at both regional and local levels are undertaken in accordance with COPE guidance and are being progressed against the procurement plan with direct award contracts being utilised as appropriate – the complete programme is subject to regular monitoring and review.

The Trust appointed one of the three additional Band 6 Estates procurement officers required to support the regional programme but recruitment for the remaining officers proved challenging. Given the inability to recruit to the remaining posts, the Trust has supplemented procurement officers with Operational Estates officers, ensuring the provision of appropriate

training to Estates staff and adherence to the robust procurement procedures. This situation is subject to on-going monitoring.

### **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 was validated in early 2016/17 and again in January 2017 by independent specialists. The plan was updated during 2017/18.

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. The roll out of similar systems across other hospital sites and facilities was completed in year and a revised sampling and risk assessment programme established.

### **Irregular Expenditure on Trust Lease**

In 2016/17 one existing lease had been determined, as requiring Business Case approval under DoF DAO 6/12 revised 2015. This related to a building primarily used for the storage and dispensing of incontinence products to clients and also has a transport office. The annual rental value was £20,000.

On 28<sup>th</sup> November 2017, the Department's Asset & Estates Management Branch advised the Trust that a decision had subsequently been reached and confirmed by the Department of Finance that the Trust lease did not fall under the Department of Finance (DAO) definition and/or criteria and consequently did not require Department of Finance approval.

The Trust has a programme in place for the renewal of leases and robust arrangements to manage critical lease dates in line with current policy. These arrangements are now managed and monitored by a professionally qualified Property Manager and are reported annually, through Trust Senior Management, in the Trust Asset Management Plan.

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

#### **The Donaldson Report**

The Trust has participated in a number of work streams with the DoH, HSCB, RQIA and GAIN in respect to strengthening and modifying the 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 new electronic Morbidity and Mortality system is fully implemented in the Trust.

## **Food safety testing**

Following the provision of inaccurate laboratory results from routine testing in the kitchen at Craigavon Area Hospital in June 2015, the Public Health Laboratories, Belfast City Hospital was appointed and continues to be used for microbiological testing by the Trust. It is an accredited laboratory with the Trust's experience being that the new arrangements are working well and the sampling regime is good. The Trust continues to pursue compensation and legal proceedings have now been issued by the Trust against the former provider.

## **Serious Adverse Incident**

The Trust received a safeguarding alert on 14 April 2017 with regard to an elderly man who was resident in Lisnisky Nursing Home. A thorough PSNI investigation was completed and no prosecutions made. The care of all other residents in the Home was reviewed and ongoing communications with families established at the start of the investigation. No other concerns were raised and the safeguarding investigation is now closed by the Trust.

## **Breast Service**

This service continues to be challenged to consistently deliver the capacity required to meet the demand for 'urgent' and 'red flag' assessment within 14-days associated with the inability to secure senior consultant medical staff. Workforce challenges led to a reduction in capacity in the early part of this year which in turn led to a reduction in meeting the 14 day red flag access target.

The situation was escalated to the HSCB and a regional support plan agreed, with the support of capacity from other Trusts, to increase capacity for Southern Trust patients. Whilst in 2017/18 only 47.2% of patients had their breast assessment within 14-days, performance in the later part of the year was significantly increased with 99% of patients assessed within 14 days in the period January – March 2018 (693 out of 700 patients). In year, there has also been an improvement noted in the wait time for routine assessments.

Regional capacity gaps and a sustainable model of delivery for breast assessment and surgical services in Northern Ireland are being progressed via a regional group led by HSCB.

## **BSO Recruitment Shared Services**

The regional 'Task & Finish' group which was established in 2016/17 to oversee a 'recovery plan' for the BSO Recruitment & Selection Shared Service Centre (RSSC) has been stood down, with much of the out-workings of this group transferring to a newly-established Strategic Resourcing Innovation Forum (SRIF) on which the Trust is actively represented at Assistant Director and Head of Service level. This group has overseen a number of significant improvements to the RSSC service and the wider recruitment function across the HSC during 2017/18. Internal Audit has carried out a further audit in December 2017 which resulted in RSSC receiving a 'Satisfactory' level of assurance. This follows their previous "Limited" level of assurance in January 2017. The Trust will continue to monitor progress at Audit Committee in respect of future audits.

While it is acknowledged that there remains work to be done in order to continue to ensure processes are streamlined and that the Trust receives a high-quality and efficient recruitment and selection service, the Trust is satisfied that priority actions identified to address significant deficiencies in service provision have been resolved. The work being led by SRIF is ongoing across HSC as part of a wider strategic programme which seeks to transform the way the service recruits and selects staff.

### **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 2017/18. These are as follows:

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

##### **Social Care Procurement**

Following the introduction of the Public Contract Regulations 2015 and the inclusion of social and health care services within the Light Touch Regime, HSC bodies continue to work regionally to extend CoPE cover to minimise the risk of non-compliance. This is being taken forward via a formally constituted project, reporting to the Regional Procurement Board.

Progress has been made regionally with agreement on an approach for the management of procurement of social care and other specific contracts over the EU threshold value. The Social Care Procurement Implementation Board is charged with implementation of the agreed approach and a regional procurement plan has been agreed to seek to improve compliance.

The Trust has put in place resource, operating under the influence of the Social Care Procurement Unit, to undertake a number of Trust specific procurements related in the main to operational need and strategic change and is aligned to support pre-procurement activities of the regional procurement plan in 2017/18. No specific resource is available for the award of contracts 'under threshold' and the Trust will continue to adopt a pragmatic approach in the management of these until a consistent and proportionate regional approach is agreed.

##### **General Contract Management**

The Trust continues to assess that it is not fully compliant with HSC (F) 32/2017: Procurement Guidance Note (01/12) Contract Management (as amended) – Procedures and Principles. In February and March 2018, a limited number of training places were made available to Trust managers to receive training on the new contract management guidance, however more is needed. In order to strengthen the corporate oversight and monitoring of the existing delegated contract management arrangements, the Trust wishes to implement a central contract management team with supporting systems, however progress was not possible during 2017/18 but is under review again.

## **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. The Trust wide telecoms infrastructure upgrade is due to complete in 2018/19. This risk is managed on an on-going basis.

## **Clinical and Social Care Risks**

### **Elective Care**

In 2017/18 the Trust continued to have a number of capacity gaps in specialty areas associated with increasing demand; the absence of significant recurrent investments in elective services over the last few years and increased workforce challenges.

In keeping with regional trends these pressures are overtly reflected in the increase in wait times for routine elective assessments and treatments.

A level of non-recurrent funding was allocated by the HSCB in 2017/18 to provide additional elective activity to areas that would have the greatest impact, addressing both patient safety issues and long waiting times. The Trust also diverted internal resource to the provision of additional activity where this could be secured. Additional capacity has in the first instance been directed to 'red flag' and 'urgent' assessments and key diagnostics. These measures have supported the delivery of the cancer pathways, with the Trust continuing to perform above the regional average against the 31-day and 62-day standards but this has not addressed the increase in routine waits.

The Trust has been challenged in the year in a number of areas by workforce issues with an inability to continue to flex up short term temporary staffing arrangements in professional areas and an inability to recruit to a number of key professional posts despite a range of recruitment initiatives. The Trust expects that the position will deteriorate further in 2018/19 if no funding is made available for areas with agreed capacity gaps.

The Department of Health's 'Elective Care Plan: Transformation and Reform of Elective Care Services' published in February 2017 sets out the approach to transform elective care services in Northern Ireland to improve access to services for patients, their families and carers, and to deliver sustainably shorter waiting times for assessment and/or treatment. Whilst the Trust has sought to improve capacity within existing resources, significant investment is required in line with the regional plan to transform and modernise services to ensure sustained delivery of shorter waiting times.

### **Unscheduled Care**

The Trust continues to be challenged to manage demand for unscheduled care in periods of heightened pressures with a year on year increase in Emergency Department attendances on all sites. Performance against the 4 and 12 hour Emergency Department targets deteriorated



in 2017/18 in line with regional trends. The Trust continues to maintain comparable good performance in relation to unscheduled length of stay and re-admission rates.

The Trust has worked with regional and local networks to develop operational resilience in the management of unscheduled care but recognising the inability to increase bed capacity within the system, focus has been on creation of pathways to offer alternatives to admission and planning to manage discharges effectively for those whose medical care has ended in hospital. This year the Trust has invested in a range of initiatives to support these priorities including additional ward based pharmacists, supporting preparation of discharge medications to enable earlier discharge and use of new discharge lounges to enable patients to wait for discharge in a non-ward based environment. Targeted support to older people has also been a focus with establishment of a frailty assessment unit at Craigavon Area Hospital, expansion of Acute Care at Home where older patients can be treated in their own homes and utilisation of our residential homes to provide a step down assistance for those needing some assistance before they are fully ready for discharge. However, full implementation of the resilience plan has been limited by workforce/ recruitment pressures.

The Trust will seek to embed initiatives to improve patient flow and effectiveness in 2018/19 including control room and ambulatory initiatives subject to funding as part of its wider transformation agenda. The Trust continues to focus on regional and local indicators of quality to provide assurance on safety and quality of services and to facilitate identification of areas of improvement linked to patient experience.

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

The Daisy Hill Hospital Pathfinder Project was initiated in response to an inability, despite numerous attempts, to recruit senior medical staff to work in the Emergency Department at Daisy Hill Hospital (DHH). Following a regional summit meeting in May 2017, involving the Department of Health Permanent Secretary and senior officers from Trusts, the HSC Board and Public Health Agency, a short-term regional arrangement was made to ensure adequate locum consultant cover. Although welcomed, it was acknowledged that a sustainable long-term solution was required.

It was agreed that a Pathfinder Group would be brought together to assess the unscheduled care needs of the Newry and Mourne population and to bring forward recommendations on the best way to meet those needs in the future.

A comprehensive needs assessment process, which included clinically-led audits of patient care, concluded that the continued presence of a 24/7 Level 1 ED on-site was justified and in keeping with the Southern Trust's position. However it also demonstrated that the models of care provided both in and out of hospital have to adapt and change if they are to deliver a long-term sustainable service to the local population. The Pathfinder Group developed a new model to meet the acute unscheduled care needs of the DHH catchment population and submitted a Final Report incorporating an implementation and investment plan for the recommended model to the Department of Health in December 2017. During January 2018, this report was endorsed by the Emergency Care Regional Collaborative and the



Transformation Implementation Group. The HSCB also endorsed the Report and its recommendations at its public meeting in March 2018. The Department of Health have subsequently approved a funding allocation from the Confidence and Supply Transformation Fund for the purposes of implementing the DHH Pathfinder Unscheduled Care Model to commence in 2018/19.

## **Recruitment**

The Trust continued to experience difficulties in 2017/18 in meeting its demand for recruitment of medical, nursing and GP staff as well as a number of other workforce areas, including AHP and Social Care. In the current labour market, there continues to be competition for limited staff resources not only within the HSC but also with other sectors. A Strategic Resourcing Innovation Forum (SRIF) was established during 2017/18 to lead on strategic approaches to recruitment and selection across the HSC in conjunction with key stakeholders, as well as the implementation of operational performance improvement initiatives. This group also provides a forum for collaborative working between HSC organisations. International Recruitment campaigns for medical and nursing staff have taken place throughout 2017/18 as means to ease workforce pressures in these areas.

## **Financial Risks**

In addition to the financial risks arising from internal audit reviews conducted in 2017/18 as outlined on page 61, the following on-going risks are noted:

### **Performance of BSO Payroll Shared Services Centre**

The Head of Internal Audit has reviewed the shared services functions provided by BSO as noted on page 62 during 2017/18. The Payroll Shared Service has continued to receive a limited assurance in 2017/18, showing no improvement in assurance levels from 2015/16. The Limited assurance at March 2018 relates to payroll function stability, payroll system stability and payroll processing. The level of assurance over payroll function stability was raised from unacceptable in September 2017 to limited as improvements were noted by Internal Audit in respect of Overpayments identification, calculation, notification and reporting.

Continued concern is highlighted by Internal Audit with two significant findings. The first is with regard to the Payroll SSC structure, staffing and resourcing, management of customer queries, variance monitoring processes and incomplete operating procedures. The second relates to previously known issues such as the underpayment of employer superannuation contributions, manual calculation of P11Ds and P60s, National Insurance contributions for staff with multiple employments which may result in non-compliance with HMRC requirements. Internal Audit also noted delays in implementing the National Living Wage which resulted in the levy of HMRC penalties to HSC organisations.

A BSO Payroll Improvement Project was established in year consisting of three work streams: system performance; independent review of structures; and payroll quality. A Customer Assurance Board chaired by Directors of Finance of both BSO and a Trust, was setup to

oversee the improvements needed. Whilst progress has been made in some areas, this project is expected to continue throughout 2018/19 and beyond.

The Trust Board are disappointed that there remains no significant improvement. Whilst BSO management have accepted the recommendations and continue to provide assurance that action plans are in place and closely monitored within BSO, this situation continues to present reputational and other difficulties for the Trust.

The Trust will continue to monitor progress at Audit Committee.

### **Failures in supervisory and managerial controls**

The scale and number of payroll overpayments has continued in 2017/18. These continue to show that failures in supervision and appropriate checking at a managerial level are a recurrent causing factor. Initiatives to raise awareness of the importance of robust managerial controls via learning from disciplinary and fraud cases, Trust communications, internal audit findings, dissemination of greater management information on overpayments has continued in 2017/18, however further targeted action is planned for 2018/19.

### **Budget Position and Financial Outlook**

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017/18 financial year and a vote on account for the early months of the 2018/19 financial year as if they were Acts of the Northern Ireland Assembly.

While the Trust achieved a breakeven financial position in the year to 31 March 2018, it is important to note that this was achieved following the receipt of significant non-recurring funding, one off contingency measures, expenditure reductions and planned in year slippage on investments. As a result the Trust is aware of the underlying recurrent funding pressures, which, coupled with further in-year emergent pressures, ensure that significant budgetary challenges will continue into 2018/19.

The outlook for 2018/19 is indicating that the capital and revenue resources will be increasingly constrained. The Trust has been working closely with the HSCB and Department to financially plan for 2018/19 for a number of months. In December 2017, the Department of Finance published a briefing document on the Northern Ireland Budgetary Outlook illustrating the choices that might need to be made to set a budget and steps that may need to be taken to address the pressures in public services. On 8<sup>th</sup> March 2018 the Secretary of State for Northern Ireland announced a budget for 2018/19.

Across the HSC sector it is expected that the significant financial challenges faced will intensify and extensive budget planning work to support the 2018/19 financial plan is ongoing between the Trust, HSCB and the Department of Health. However as with other financial years, the Trust remains committed to achieving financial break even.

### **Domiciliary Care Services**

In response to the Counter Fraud and Probity Services work on behalf of the HSC regarding payments made to domiciliary care agencies over the period April 2013 – March 2015, the Trust undertook its own validation work in 2017/18 on six independent sector domiciliary care providers.

Specific recommendations have been made in relation to the six providers and general lessons learned have been shared with all other independent sector providers used by the Trust. The Trust could not detect that there were material over-claims being made from the validation work undertaken. The Trust also commissioned Internal Audit during 2017/18 to conduct two audits of domiciliary care providers as noted on page 60 and priority one issues have been raised in relation to the Trust's ability to assure itself that it is receiving all commissioned and paid for time from the providers.

The Trust has a domiciliary care oversight group in place which oversees the Trust's action plan to bring forward the recommendations and learning from the ongoing local and regional work in this area.

At a regional HSC level, Internal Audit carried out a lessons learned review from a HSC wide perspective in relation to the structure of the investigative review conducted by Trusts and also carried out in depth reviews of domiciliary care in Trusts as noted above. These internal audits will be scrutinised regionally by the HSC Oversight Scrutiny Committee led by the Department of Health in 2018/19.

### **Waiting List Initiative Payments**

Trust management have an action plan in place and have been progressing the internal audit recommendations made following the review of payments conducted in 2016/17. A re-audit of this area is included in the 2018/19 internal audit plan to ensure that all learning and strengthening of processes has been fully implemented and embedded in the Trust. The Trust will continue to monitor progress at Audit Committee.

### **New Control Issues in 2017/18**

There are three significant internal control divergences which have been identified in 2017/18.

## Cyber Security

Following a self assessment on Cyber Security in December 2016, following the National Cyber Security Office's 'Ten Steps' approach, the Trust commissioned an external Cyber Security Review by FourSys, Network Security experts. Their report was made available in May 2017, just prior to the Wannacry attack affecting the NHS. This report included a number of recommendations to improve the Trust's defences in terms of cyber security. All four priority 1 recommendations have been implemented by the Trust, in the interim to the availability of a Regional Business Case. Bids have been made to the Commissioner for all priority 2 recommendations. These recommendations are in keeping with the Internal Audit report for the Southern Trust, which provided limited assurance.

Cyber Security is included on the Trust's Corporate Risk Register and updates are provided to Governance Committee on a bi-monthly basis. Awareness training was provided to front line staff in August 2017 and a cyber assimilated event was instigated in January 2018 for senior staff to consider the impact and to refresh their business continuity plans. A further self-assessment on the National Cyber Security Office's 'Ten Steps' was undertaken in April 2018 and some improvement on risk mitigation has been noted. Further improvement remains a priority for the Trust.

Internally, in keeping with learning provided by the 37 Trusts affected by Wannacry in NHS England, the Trust has agreed that in the event of a cyber attack, Silver Command would be established in accordance with the Trust's Major Incident Plan Action Card. Technical advice from the Head of IT would be included in the Silver Command Team. Gold Command would be on standby.

Regionally, the Trust continues to participate in the SIRO forum which has commissioned DXC to undertake a Cyber Assessment and Regional Business Plan. It has also been established and documented in the Regional Cyber Security Programme (HSCB) that SIROs are individually responsible for information security in their own organisations. Reporting is via the Regional SIRO forum, chaired by the Director of eHealth. The importance of local business continuity plans is highlighted in the document. The Permanent Secretary has also clarified reporting roles and responsibilities in his correspondence of 3<sup>rd</sup> January 2018.

## Report on Inquiry into Hyponatraemia-related Deaths

The report on the Inquiry into Hyponatraemia related Deaths was published in January 2018. This report makes 96 recommendations covering a range of areas including candour, paediatric clinical, SAI reporting and investigation, SAI related death, training and learning and governance.

Following publication of the Report, the Trust established an Oversight Group to consider how it currently complies with the 96 recommendations and which recommendations could be acted upon without affecting any regionally agreed implementation plan. An action plan has been completed. This group is co-chaired by the Interim Medical Director and the Interim Executive Director of Nursing. Governance arrangements are in place to oversee the

implementation of the recommendations. In terms of accountability, the Oversight Group reports to the Senior Management Team and Trust Board.

The Trust is also participating in the Department of Health programme of work in response to the Inquiry Report's recommendations. The Trust has completed two additional benchmarking exercises for each of the recommendations grouped under the heading Paediatric-Clinical and Serious Adverse Incidents, the outcomes of which were submitted to the Department of Health.

### **Children's Surgery**

During 2017/18, there has been a delay in providing some children's surgery within the Daisy Hill and Craigavon Hospitals.

The Trust is transforming its children's hospital services to deliver new ways of working that reduce the amount of time children need to spend in hospital. This has meant changes to how services are provided.

Although children's emergency surgery has continued as normal, the children's theatres have not yet been running at full capacity. Children's surgery will be fully operational again at the start of June 2018.

## **11. Conclusion**

The Trust has a rigorous system of accountability which I can rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI (MPMNI).

As outlined above, the internal audit review of control systems has resulted in a number of limited assurances 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 2017/18.

## **Remuneration Report for the year ended 31 March 2018**

### **1. Scope of the report**

The Remuneration report summaries the remuneration policy of the Southern HSC Trust and particularly its application in connection with senior executives. The report also describes how the Trust applied the principals of good corporate governance in relation to senior executives remuneration in accordance with HSS (SM) 3/2001 issued by the Department of Health (NI).

### **2. Membership of the Remuneration Committee**

The remuneration and other terms and conditions of Executive Directors are overseen by the Remuneration and Terms of Service Committee.

The Remuneration Committee of the Southern Health and Social Care Trust includes the Chair and 2 Non-Executive Directors of the Trust. They are supported by the Chief Executive and the Director of Human Resources and Organisational Development.

The terms of reference of the Committee are based on Circular HSS (PDD) 8/94 Section B.

### **3. Policy on the Remuneration of the Chief Executive and Directors**

The Policy on Remuneration of the Trust's Senior Executives for current and future financial years is the application of terms and conditions of employment as provided and determined by the Department of Health (NI).

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

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 on job evaluation, grades, rate for the job, pay progression, pay ranges and contracts.

### **4. Trust Board**

The Trust Board determines the strategic and operational corporate objectives for the Trust for the year ahead, taking into consideration the parameters established by the Department and to incorporate the objectives within the Service or Trust Delivery plans.

### **5. Performance Objectives**

Performance Objectives are linked to Trust service delivery and development plans. Performance objectives are clear and measurable.

## 6. Performance Evaluation

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 2017/18, 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.

The evaluation of performance is based on evidence of achievement of service and task objectives relating pay to performance. This process is completed in accordance with Paragraph 14 of the Departmental Circular detailed within Circular HSS (SN) 1/2003. The individual performance review bands are as follows:

- Fully acceptable
- Incomplete
- Unsatisfactory

The Remuneration Committee are fully conversant with organisational performance via monthly reports to Trust Board.

The levels of performance pay permitted applied by the Remuneration and Terms of Service Committee are prescribed by Department of Health. The Department of Health has not to date issued any pay circular in respect of pay progression as at 1<sup>st</sup> April 2017 based on performance for Senior Executives in the period 1 April 2016 to 31 March 2017.

During 2017/18, all contracts were permanent and provide for three months' notice for both parties, with the exception of:

- **Mr Francis Rice**, who commenced the role of Interim Chief Executive from 13 April 2016 following the resignation of Mrs Paula Clarke. Mr Rice commenced a period of planned sick leave from 23 January 2017 to 8 July 2017. Mr Francis Rice had a further period of sick leave on 15 November 2017 until his retirement on 31 March 2018.



- **Mr Stephen McNally**, who commenced the role of Acting Chief Executive from 23 January 2017 to cover a period of planned sick leave of the Interim Chief Executive, Mr Rice. Mr McNally covered this role until 9 July 2017 when he returned to his permanent role as Director of Finance and Procurement. Mr McNally re-commenced the role of Acting Chief Executive from 15 November 2017 to provide cover for Mr Rice until the appointment of Mr Shane Devlin as permanent Chief Executive on 19<sup>th</sup> March 2018.
- **Ms Helen O'Neill**, who commenced the role of Director of Finance and Procurement on an acting basis with effect from 23 January 2017 to provide cover for Mr McNally. Ms O'Neill stepped down from this role on 9 July 2017 when Mr McNally returned to his permanent position. Ms O'Neill re-commenced the role of Acting Director of Finance and Procurement on 15 November 2017 to provide cover for Mr McNally.
- **Mrs Angela McVeigh**, who assumed responsibility for the Executive Director of Nursing on 13<sup>th</sup> April 2016 to provide cover for Mr Rice's executive role. Mrs McVeigh retired on 15 October 2017.
- **Mr Bryce McMurray**, who commenced the role of Director of Mental Health and Disability on an acting basis with effect from 2<sup>nd</sup> May 2016 to provide cover for Mr Rice. Mr McMurray assumed responsibility as the Executive Director of Nursing following Mrs McVeigh's retirement on 15 October 2017. Mr McMurray retired on 31 December 2017.
- **Mrs Melanie McClements**, who commenced the role of Director of Older People and Primary Care on an acting basis from 2 October 2017 to provide cover for Mrs McVeigh following her retirement.
- **Mrs Carmel Harney**, who commenced the role of Director of Mental Health and Disability on an acting basis from 2 January 2018 to provide cover for this executive role following Mr McMurray's retirement.
- **Mrs Heather Trouton**, who commenced the role of Executive Director of Nursing on an interim basis from 22 January 2018 to provide cover for this executive role following Mr McMurray's retirement.

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	2017-18				2016-17 (Restated)			
	Salary £000	Benefits in Kind (Rounded to nearest £100)	Pensions benefit (rounded to nearest £1,000)	Total £000	Salary £000	Benefits in Kind (Rounded to nearest £100)	Pensions benefit (rounded to nearest £1,000)	Total £000
<b>Non-Executive Members</b>								
Mrs R Brownlee - Chair	25-30	100	0	25-30	25-30	200	0	25-30
Mrs S Rooney	5-10	100	0	5-10	5-10	300	0	5-10
Mrs H McCartan	5-10	200	0	5-10	5-10	100	0	5-10
Ms E Mullan	5-10	100	0	5-10	5-10	200	0	5-10
Mr J Wilkinson	5-10	0	0	5-10	5-10	200	0	5-10
Ms G Donaghy	5-10	100	0	5-10	0-5 (5-10 FYE)	0	0	0-5 (5-10 FYE)
Mr M McDonald	5-10	0	0	5-10	0-5 (5-10 FYE)	0 (200 FYE)	0	0-5 (5-10 FYE)
Mrs P Leeson	5-10	0	0	5-10	0-5 (5-10 FYE)	0 (100 FYE)	0	0-5 (5-10 FYE)
Mr E Graham (To 31 December 2016)	N/A	N/A	N/A	N/A	0-5 (5-10 FYE)	0	0	0-5 (5-10 FYE)
Mrs E Mahood (To 31 December 2016)	N/A	N/A	N/A	N/A	0-5 (5-10 FYE)	0	0	0-5 (5-10 FYE)
Dr R Mullan (To 31 December 2016)	N/A	N/A	N/A	N/A	0-5 (5-10 FYE)	300 (400 FYE)	0	0-5 (5-10 FYE)
<b>Executive Members</b>								
Mr S Devlin - Chief Executive (From 19 March 2018)	0-5 (95-100 FYE)	0	1 (34 FYE)	0-5 (130-135 FYE)	N/A	N/A	N/A	N/A
Mr F Rice - Chief Executive (From 13 April 2016 to March 2018)	100-105	100	37	135-140	105 - 110	300	138	200 - 250
Mr S McNally - Director of Finance & Procurement also Acting Chief Executive (From 23 January 2017 to 9 July 2017 and From 15 November 2017)	95-100	300	Note 1	95-100	90 - 95	300	Note 1	90 - 95
Dr R Wright - Medical Director	150-155	0	7	160-165	150 -155	0	339	450 - 500
Mr P Morgan - Director of Children & Young People's Services	75-80	200	Note 1	75-80	70-75	200	Note 1	75 - 80
Mrs A Mc Veigh - Director of Older People & Primary Care Services / Interim Executive of Nursing and AHP's (To 15 October 2017)	45-50 (85-90 FYE)	0	Note 2	45-50 (85-90 FYE)	85 - 90	400	56	140 - 145
Mr B McMurray - Acting Director of Mental Health & Disability Services / Interim Executive of Nursing and AHP's (To 31 December 2017)	50-55 (70-75 FYE)	0	Note 1	50-55 (70-75 FYE)	65 - 70(70 - 75 FYE)	100 (100 FYE)	67 (73 FYE)	130 - 135 (140 - 145 FYE)
Ms H Troughton - Interim Executive Director of Nursing, Midwives and AHP's (From 22 January 2018)	0-5 (0-5 FYE)	0	0 (2 FYE)	0-5 (5-10 FYE)	N/A	N/A	N/A	N/A
Ms H O'Neill - Acting Director of Finance & Procurement (From 23 January 2017 to 9 July 2017 and From 15 November 2017)	45-50 (75- 80 FYE)	0	15 (22 FYE)	60-65 (95-100 FYE)	10 - 15 (75 - 80 FYE)	0	4 (27 FYE)	15 - 20 (100 - 105 FYE)
<b>Other Members</b>								
Mr K Donaghy - Director Human Resources & Organisational Development (To 31 August 2016)	N/A	N/A	N/A	N/A	30 - 35 (80 - 85 FYE)	100 (200 FYE)	Note 1	30 - 35 (80 - 85 FYE)
Mrs E Gishkori - Director of Acute Services	70-75	200	8	80-85	75 - 80	200	131	205 - 210
Mrs A Magwood - Director of Performance and Reform	70-75	100	14	85-90	70 - 75	300	16	85 - 90
Mrs V Toal - Director of Human Resources and Organisational Development (From 21 September 2016)	60-65	400	13	75-80	30 - 35 (60 - 65 FYE)	100 (100 FYE)	(122) ((209) (85)-(90) ((145) (150) FYE)	
Ms C Harney - Acting Director of Mental Health & Disability Services (From 2 January 2018)	15-20 (70-75 FYE)	0 (200 FYE)	6 (23 FYE)	20-25 (95-100 FYE)	N/A	N/A	N/A	N/A
Ms M McClements - Acting Director of Older People & Primary Care Services (From 2 October 2017)	35-40 (75- 80 FYE)	100 (200 FYE)	43 (72 FYE)	80-85 (145-150 FYE)	N/A	N/A	N/A	N/A

## Pensions of Senior Management (Audited)

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

2017/18					
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 31/03/17 £000s	CETV at 31/03/18 £000s	Real increase in CETV £000s
<b>Executive Members</b>					
Mr S Devlin - Chief Executive (From 19 March 2018)	0-2.5 plus 0-2.5 lump sum	15-17.5 plus 7.5-10 lump sum	156	184	23
Mr F Rice - Chief Executive (From 13 April 2016 to March 2018)	0-2.5 plus 5-7.5 lump sum	52.5-55 plus 157.5-160 lump sum	959	1,038	43
Mr S McNally - Director of Finance & Procurement also Acting Chief Executive (From 23 January 2017 to 9 July 2017 and From 15 November 2017)	Note 1	Note 1	Note 1	Note 1	Note 1
Dr R Wright - Medical Director	0-2.5 plus 2.5-5 lump sum	57.5-60 plus 175-177.5 lump sum	1,183	1,256	27
Mr P Morgan - Director of Children & Young People's Services	Note 1	Note 1	Note 1	Note 1	Note 1
Mrs A Mc Veigh - Director of Older People & Primary Care Services / Interim Executive of Nursing and AHP's (To 15 October 2017)	Note 2	Note 2	Note 2	Note 2	Note 2
Mr B McMurray - Acting Director of Mental Health & Disability Services / Interim Executive of Nursing and AHP's (To 31 December 2017)	Note 1	Note 1	Note 1	Note 1	Note 1
Ms H Troughton - Interim Executive Director of Nursing, Midwives and AHP's (From 22 January 2018)	0-2.5 plus 0-2.5 lump sum	17.5-20 plus 45-47.5 lump sum	292	334	31
Ms H O'Neill - Acting Director of Finance & Procurement (From 23 January 2017 to 9 July 2017 and From 15 November 2017)	0-2.5 plus 0-2.5 lump sum	32.5-35 plus 97.5-100 lump sum	615	658	20
<b>Other Members</b>					
Mrs E Gishkori - Director of Acute Services	0-2.5 plus 0-2.5 lump sum	15-17.5 plus 47.5-50 lump sum	295	323	16
Mrs A Magwood - Director of Performance and Reform	0-2.5 plus (2.5)-0 lump sum	20-22.5 plus 50-52.5 lump sum	316	340	12
Mrs V Toal - Director of Human Resources and Organisational Development (From 21 September 2016)	0-2.5 plus (2.5)-0 lump sum	17.5-20 plus 37.5-40 lump sum	217	235	9
Ms C Harney - Acting Director of Mental Health & Disability Services (From 2 January 2018)	0-2.5 plus 2.5-5 lump sum	35-37.5 plus 105-107.5 lump sum	697	753	30
Ms M McClements - Acting Director of Older People & Primary Care Services (From 2 October 2017)	2.5-5 plus 10-12.5 lump sum	32.5-35 plus 97.5-100 lump sum	551	641	70

FYE is used as an abbreviation for Full Year Equivalent

Note 1: Mr S McNally, P Morgan, Mr B McMurray and Mr K Donaghy are beyond the threshold for calculation of CETV, so this is not applicable.

Note 2: Mrs A McVeigh left the Trust during the year so this is not applicable in 2017/18

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

### *Benefits in kind*

The monetary value of benefits in kind covers any benefits provided by the Trust and treated by HM Revenue and Customs as a taxable emolument. The benefits in kind listed above relate to the profit element of mileage expenses.

### **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 does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

## Staff Report

The Trust employs 10,402 staff (whole time equivalent) with 83% of staff providing direct hands on care to patients and clients. This figure includes staff with more than one job position.

### Staff Composition by Gender

The following table provides an analysis of the number of employed staff as at 31 March 2018 by gender:

	Directors		Non-Executive Directors		Senior Staff		Other Staff		Trust Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
<b>Female</b>	7	58	6	75	21	52	10,948	86	10,982	85
<b>Male</b>	5	42	2	25	19	48	1,844	14	1,870	15
<b>Total</b>	<b>12</b>		<b>8</b>		<b>40</b>		<b>12,792</b>		<b>12,852</b>	

1. *Senior staff is defined as Assistant Director and above but excluding senior management*

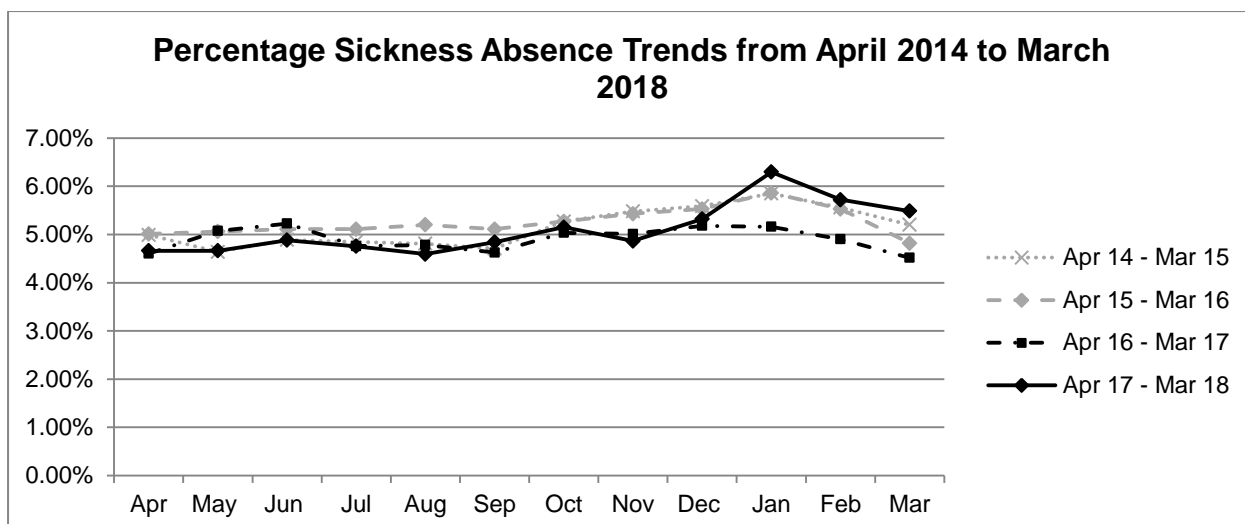
### Staff sickness and absenteeism

Staff sickness absence is a significant cost to the organisation, and effective absence management involves finding a balance between providing support to help staff with health problems stay in and return to work and taking consistent and robust action to address high absence levels amongst staff groups.

Since the introduction of the Trust's Procedure for the Management of Sickness Absence in July 2013, the Trust's monthly sickness absence level has consistently remained below 6% month on month. In January 2018, the monthly sickness absence level rose above 6% (6.3%) for the only month in the last 4 years.

The cumulative sickness absence rate for the Trust as at 31 March 2018 was 5.11%.

This was slightly above the Trust's target of 5.07% for the year and slightly above the cumulative % sickness rate for 2016/17 which was 4.91%.



**The graph above shows the monthly % sickness absence rates for 2014/15 – 2017/18. The figures are based on working hours lost/working hours available.**

Regional data available from 2016/17 and 2017/18 shows the Southern HSC Trust has the lowest sickness absence rate of the 5 large health Trusts in Northern Ireland.

### Employee Policies

The Trust is committed to equality of opportunity for all and many of our Trust Policies and Procedures are founded on the overarching Trust Equality of Opportunity Policy. This Policy outlines clearly that the Trust is opposed to all forms of unlawful and unfair discrimination. Decisions about recruitment, selection, promotion, training and all other Terms and Conditions are made objectively and without unlawful discrimination.

Supporting the Trust’s commitment to equality of opportunity for all is the Trust’s Recruitment and Selection Procedures, the Policy on the Employment of Persons with a Disability and our guidance for managers in making reasonable adjustments for staff with disabilities are all focused on ensuring support to staff within our employment with disabilities.

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. The Trust continues to work in partnership with Trade Union colleagues and has developed across all directorates resulting 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 governs 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. A key focus of the year has been work to develop a regional Framework, Policy and Trust Procedure to encourage and support staff to raise concerns. The emphasis is to develop a culture within the Trust where staff feel confident and empowered to raise concerns about patient safety and other concerns in the public interest in order to ensure safe and effective working across the Trust. The new HSC Framework and Southern Trust Policy and Procedure 'Your Right to Raise a Concern (Whistleblowing)' will be launched in April 2018.

Other key achievements during the year included the new Gender Identity and Expression Policy which has been consulted on and regionally approved to be formally launched in September 2018. A task and finish group has been set up to operationalise the Policy and will deal with practical issues of records management, and other sensitive issues relating to this policy area.

This year we also were involved in the regional launch of the e-learning programme for 'Making a Difference – Equality, Good Relations and Human Rights'. Work is also underway on an operational deployment plan for all staff to complete the e-learning modules.

The Trust's 5 year (2018 – 2023) Equality Action Plan and Disability Action Plan were approved throughout the year which set out the direction for tackling inequalities. The plans have been consulted on via public meetings and we are progressing our action plans.



## Costs and Numbers

### Staff costs comprise (Audited):

Staff costs comprise:	2018		2017	
	Permanently employed staff £000s	Others £000s	Total £000s	Total £000s
Wages and salaries	312,450	23,925	336,375	316,479
Social security costs	26,842	326	27,168	24,314
Other pension costs	43,893	253	44,146	41,055
<b>Sub-Total</b>	<b>383,185</b>	<b>24,504</b>	<b>407,689</b>	<b>381,848</b>
Capitalised staff costs	(431)		(431)	(383)
<b>Total staff costs reported in Statement of Comprehensive Expenditure</b>	<b>382,754</b>	<b>24,504</b>	<b>407,258</b>	<b>381,465</b>
Less recoveries in respect of outward secondments			(153)	(325)
<b>Total net costs</b>			<b>407,105</b>	<b>381,140</b>
			<b>£000s</b>	<b>£000s</b>
Southern HSC Trust			407,105	381,140
<b>Total</b>			<b>407,105</b>	<b>381,140</b>

Staff Costs exclude £431k charged to capital projects during the year (2017: £383k). Staff Costs include £585k associated with Research & Development Projects (2017: £599k).

Staff costs include £1,547k associated with the introduction of the Apprenticeship levy from 1 April 2017.

### 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 Department of Health. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

The Scheme member's contributions are based on their full year whole time equivalent (WTE) pensionable pay

<b>Full –Time Pensionable Pay used to determine contribution rate</b>	<b>Contribution rate (before tax relief) (gross) 1 April 2015 to 31 March 2019</b>
Up to £15,431.99	5.0%
£15,432.00 to £21,477.99	5.6%
£21,478.00 to £26,823.99	7.1%
£26,824.00 to £47,845.99	9.3%
£47,846.00 to £70,630.99	12.5%
£70,631 to £111,376.99	13.5%
£111,377.00 and over	14.5%

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 2016 valuation for the HSC Pension scheme updated to reflect current financial conditions (and a change in financial assumption methodology) will be used in 2017/18 accounts.

The accounting treatment of pension liabilities is explained in Note 1.19 of the annual accounts on page 115.

### **Off Payroll Engagements (Audited)**

The Trust is required to disclose the details of off-payroll engagements to meet requirements promulgated by HM Treasury in PES guidance, those 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 2017/18 and 2016/17 is shown below:

	<b>2017/18</b>		<b>2016/17</b>
	<b>Number of staff</b>		<b>Number of staff</b>
Off Payroll Staff as 1st April 2017	1	Off Payroll Staff as 1st April 2016	1
New engagements during the year	0	New engagements during the year	0
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	0	Number of engagements that have come to an end during the year	0
<b>Off payroll staff as at 31 March 2018</b>	<b>1</b>	<b>Off payroll staff as at 31 March 2017</b>	<b>1</b>

The current contract for medical agency staffing commenced on 1<sup>st</sup> December 2017.

The Trust did not incur expenditure on external consultancy during 2017/18.

### Median Remuneration (Audited)

	2017/18	2016/17
Band of Highest Paid Director's Total Remuneration (£000s)	150-155	150-155
Median Total Remuneration (based on paid salary)	£28,381	£28,805
Ratio	5.4	5.3

The median reflects the aggregation of earnings where staff have more than one post with SHSCT.

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 2017/18, 24 (2016/17: 20) employees received remuneration in excess of the highest paid director. Remuneration ranged from £150k to £235k (2016/17: £155k to £230k). 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 2017/18 and 2016/17 the most highly paid Director was the Medical Director.

## Average Number of Persons Employed (Audited)

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

	2018			2017
	Permanently employed staff	Others	Total	Total
	No.	No.	No.	No.
Medical and dental	629	103	732	731
Nursing and midwifery	3,583	42	3,625	3,503
Professions allied to medicine	1,182	9	1,191	1,123
Ancillaries	687	127	814	834
Administrative & clerical	1,658	25	1,683	1,681
Estates & Maintenance	111	0	111	103
Social services	1,339	8	1,347	1,285
Domiciliary/Homecare Workers	908	0	908	929
<b>Total average number of persons employed</b>	<b>10,097</b>	<b>314</b>	<b>10,411</b>	<b>10,189</b>
Less average staff number relating to capitalised staff costs	(7)		(7)	(8)
Less average staff number in respect of outward secondments	(2)		(2)	(4)
<b>Total net average number of persons employed</b>	<b>10,088</b>	<b>314</b>	<b>10,402</b>	<b>10,177</b>

Of which:

Southern HSC Trust	10,402
Charitable Trust Fund	0
	<b>10,402</b>

## Retirements due to ill-health

During 2017/18 there were 17 early retirements from the Trust (2016/17: 31), agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £47k (2016/17: £42k). These costs are borne by the HSC Pension Scheme.

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

The total resource cost for early retirement and other compensation schemes was £Nil in 17/18 (2016/17: (£18k))

The total resource refund of (£18k) in 16/17 relates to the withdrawal of a previously reported exit package and differences in prior year estimates for 3 employees.

Redundancy and other departure costs are paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses. 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.

### Staff Benefits

There were no staff benefits in 2017/18 or 2016/17.

### Trust Management Costs

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Trust management costs	21,764	21,441
<b>Income:</b>		
RRL	645,190	600,031
Income	41,932	41,910
Non cash RRL for movement in clinical negligence provision	(19,763)	(10,515)
<b>Total Income</b>	<u>667,359</u>	<u>631,426</u>
<b>% of total income</b>	<u>3.3%</u>	<u>3.4%</u>

The above information is based on the Audit Commission’s definition “M2” Trust Management costs as detailed in HSS (THR) 2/99. A review of the trend of Trust Management costs show that whilst the Trust’s total income base has increased in the last three consecutive years, management costs have fallen in this period as a % income.

	<b>2018 £'000s</b>	<b>2017 £'000s</b>	<b>2016 £'000s</b>
Trust Management Costs	21,764	21,441	21,066
Total Income	667,359	631,426	599,257
<b>% of Total Income</b>	<b>3.3%</b>	<b>3.4%</b>	<b>3.5%</b>

## **Accountability and Audit Report**

### **Formal Complaints Management**

To help us identify areas in which we need 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 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.

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

The Trust Management Statement (MS) and the Financial Memorandum (FM) which exists between the DoH 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. The SFIs are then further supported by finance policies and detailed financial procedures which must be kept up to date with Department of Health 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 2017/18 is unqualified and included on pages 96-97.



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

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 Department of Health. 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 Department of Health.

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	2017/18		2016/17	
	CASES	£	CASES	£
<b>Cash Losses</b>				
Cash Losses – Overpayments of salaries, wages and allowances	0	0	36	306,581
Cash Losses – Other causes	2	30	2	204
	<b>2</b>	<b>30</b>	<b>38</b>	<b>306,785</b>
<b>Claims abandoned</b>				
Waived or abandoned claims	0	0	1	74
<b>Administrative write-offs</b>				
Bad debts	974	242,282	863	310,153
<b>Fruitless payments</b>				
Late Payment of Commercial Debt	2	181	1	(48)
Other Fruitless payments and constructive losses	0	0	1	(64,383)
	<b>2</b>	<b>181</b>	<b>2</b>	<b>(64,431)</b>
<b>Stores Losses</b>				
Losses of accountable stores through any deliberate act	0	0	0	0
Other stores losses	1,549	107,379	1,533	70,398
	<b>1,549</b>	<b>107,379</b>	<b>1,533</b>	<b>70,398</b>
<b>Special Payments</b>				
Compensation payments				
- Clinical Negligence	86	5,044,421	86	2,123,491
- Public Liability	15	113,826	7	73,078
- Employers Liability	34	421,879	39	208,374
- Other	11	14,250	7	5,030
	<b>146</b>	<b>5,594,376</b>	<b>139</b>	<b>2,409,973</b>
<b>Ex-gratia payments</b>	<b>11</b>	<b>5,160</b>	<b>11</b>	<b>667</b>
<b>TOTAL (Note 1)</b>	<b>2,684</b>	<b>5,949,408</b>	<b>2,587</b>	<b>3,033,619</b>

Note 1 – Two of the above losses totalling £23,443 are above the delegated approval of the Trust and were approved by the Department of Health.

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

### Losses and Special Payments over £250,000

Losses and Special Payments over £250,000	2017/18		2016/17	
	Number of Cases	£	Number of Cases	£
<b>Special Payments</b> Clinical Negligence Cases	4	2,821,554	1	397,945
<b>TOTAL</b>	<b>4</b>	<b>2,821,554</b>	<b>1</b>	<b>397,945</b>

There were 4 clinical negligence cases on which payments recognised in the year exceeded £250,000.

### Special Payments

There were no other special payments or gifts made during the year.

### Other Payments and Estimates (Audited)

There were no other payments or gifts made during the year.

### Remote Contingent Liabilities (Audited)

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.

On behalf of the Southern HSC Trust, I approve the Accountability Report encompassing the following sections:

- Governance Report
- Remuneration and Staff Report
- Accountability and Audit Report

**Signed:**



**Mr Shane Devlin**

**Accounting Officer**

**Date: 7<sup>th</sup> June 2018**

## **SOUTHERN HEALTH AND SOCIAL CARE TRUST**

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

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Southern Health and Social Care Trust for the year ended 31 March 2018 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. The financial statements comprise: the Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the group's and of the Southern Health and Social Care Trust's affairs as at 31 March 2018 and of the group's and the Southern Health and Social Care Trust's net expenditure for the year then ended; and
- have 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.

#### **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.

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Southern Health and Social Care Trust in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The Trust and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Opinion on other matters**

In my opinion:

- the parts of the Accountability 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 and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Responsibilities of the Trust and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Trust and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

#### **Auditor's responsibilities for the audit of the financial statements**

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 am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

#### **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 Accountability 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 the Department of Finance's guidance.

#### **Report**

I have no observations to make on these financial statements.



*KJ Donnelly*

*Comptroller and Auditor General*

*Northern Ireland Audit Office*

*106 University Street*

*Belfast*

*BT7 1EU*

*19 June 2018*

# 3

## Annual Accounts

# **SOUTHERN HEALTH AND SOCIAL CARE TRUST**

## **Annual Accounts for the Year Ended 31 March 2018**

### **FOREWORD**

These accounts for the year ended 31 March 2018 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.



## SOUTHERN HSC TRUST

### CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2018

	NOTE	2018			2017		
		Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>Income</b>							
Income from activities	4.1	32,747	0	32,747	32,259	0	32,259
Other Operating Income	4.2	9,125	216	9,341	9,645	276	9,921
Deferred Income	4.3	60	0	60	6	0	6
<b>Total Operating Income</b>		<b>41,932</b>	<b>216</b>	<b>42,148</b>	<b>41,910</b>	<b>276</b>	<b>42,186</b>
<b>Expenditure</b>							
Staff costs	3	(407,258)	0	(407,258)	(381,465)	0	(381,465)
Purchase of Goods and Services	3	(182,175)	(50)	(182,225)	(172,315)	(29)	(172,344)
Depreciation, amortisation and impairment charges	3	(19,605)	0	(19,605)	(17,392)	0	(17,392)
Provision Expense	3	(20,123)	0	(20,123)	(9,727)	0	(9,727)
Other Expenditures	3	(57,921)	(193)	(58,114)	(60,951)	(267)	(61,218)
<b>Total Operating Expenditure</b>		<b>(687,082)</b>	<b>(243)</b>	<b>(687,325)</b>	<b>(641,850)</b>	<b>(296)</b>	<b>(642,146)</b>
<b>Net Operating Expenditure</b>		<b>(645,150)</b>	<b>(27)</b>	<b>(645,177)</b>	<b>(599,940)</b>	<b>(20)</b>	<b>(599,960)</b>
Finance Income	4.2	0	130	130	0	120	120
Finance Expense	3	0	0	0	0	0	0
<b>Net Expenditure for the year</b>		<b>(645,150)</b>	<b>103</b>	<b>(645,047)</b>	<b>(599,940)</b>	<b>100</b>	<b>(599,840)</b>
Revenue Resource Limit (RRL) and capital grants	24.1	645,190	0	645,190	600,031	0	600,031
Add back charitable trust fund net expenditure		0	(103)	(103)	0	(100)	(100)
<b>Surplus against RRL</b>		<b>40</b>	<b>0</b>	<b>40</b>	<b>91</b>	<b>0</b>	<b>91</b>
<b>OTHER COMPREHENSIVE EXPENDITURE</b>							
<b>Items that will not be reclassified to net operating costs:</b>							
Net gain on revaluation of property, plant and equipment	5.1/ 8/ 5.2/ 8	11,257	0	11,257	3,794	0	3,794
Net gain 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	(59)	(59)	0	399	399
<b>Items that may be reclassified to net operating costs:</b>							
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
<b>TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2018</b>		<b>(633,893)</b>	<b>44</b>	<b>(633,849)</b>	<b>(596,146)</b>	<b>499</b>	<b>(595,647)</b>

The notes on pages 104 to 149 form part of these accounts.

# SOUTHERN HSC TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2018

	NOTE	2018		2017 - Restated	
		Trust £000s	Consolidated £000s	Trust £000s	Consolidated £000s
<b>Non Current Assets</b>					
Property, plant and equipment	5.1/5.2	314,900	314,900	306,607	306,607
Intangible assets	6.1/6.2	5,441	5,441	4,570	4,570
Financial assets	7.0	0	3,011	0	3,070
Trade and other receivables	12.0	1,649	1,649	1,578	1,578
<b>Total Non Current Assets</b>		<b>321,990</b>	<b>325,001</b>	<b>312,755</b>	<b>315,825</b>
<b>Current Assets</b>					
Assets classified as held for sale	9.0	649	649	1,182	1,182
Inventories	10.0	3,785	3,785	3,241	3,241
Trade and other receivables	12.0	15,292	15,364	14,932	14,983
Other current assets	12.0	2,947	2,962	2,642	2,642
Financial assets	7.0	0	0	0	0
Cash and cash equivalents	11.0	1,173	1,430	1,290	1,517
<b>Total Current Assets</b>		<b>23,846</b>	<b>24,190</b>	<b>23,287</b>	<b>23,565</b>
<b>Total Assets</b>		<b>345,836</b>	<b>349,191</b>	<b>336,042</b>	<b>339,390</b>
<b>Current Liabilities</b>					
Trade and other payables	13.0	(64,714)	(64,671)	(63,449)	(63,443)
Provisions	15.0	(12,095)	(12,095)	(7,664)	(7,664)
<b>Total Current Liabilities</b>		<b>(76,809)</b>	<b>(76,766)</b>	<b>(71,113)</b>	<b>(71,107)</b>
<b>Total Assets Less Current Liabilities</b>		<b>269,027</b>	<b>272,425</b>	<b>264,929</b>	<b>268,283</b>
<b>Non Current Liabilities</b>					
Provisions	15.0	(52,115)	(52,115)	(42,456)	(42,456)
<b>Total Non Current Liabilities</b>		<b>(52,115)</b>	<b>(52,115)</b>	<b>(42,456)</b>	<b>(42,456)</b>
<b>Total Assets less Total Liabilities</b>		<b>216,912</b>	<b>220,310</b>	<b>222,473</b>	<b>225,827</b>
<b>Taxpayers' Equity and Other Reserves</b>					
Revaluation reserve		61,855	61,855	50,784	50,784
SoCNE reserve		155,057	155,057	171,689	171,689
Other reserves – charitable fund		0	3,398	0	3,354
<b>Total Equity</b>		<b>216,912</b>	<b>220,310</b>	<b>222,473</b>	<b>225,827</b>


The notes on pages 104 to 149 form part of these accounts.

The restatement of the 2017 position is explained in note 5.2.

The financial statements on pages 104 to 149 were approved by the board on 7 June 2018 and were signed on its behalf by:

Signed  (Chairman)

Date: 7 June 2018

Signed  (Chief Executive)

Date: 7 June 2018

## SOUTHERN HSC TRUST

### CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	SoCNE Reserve £000s	Revaluation Reserve £000s	Charitable Fund £000s	Total £000s
<b>Balance at 1 April 2016</b>		<b>168,430</b>	<b>47,080</b>	<b>2,855</b>	<b>218,365</b>
<b>Changes in Taxpayers Equity 2016-17</b>					
Grant from DoH		603,050	0	0	603,050
Transfers between reserves (Comprehensive net expenditure for the year)		90	(90)	0	0
Non cash charges - auditors remuneration	3	(599,940)	3,794	499	(595,647)
<b>Balance at 31 March 2017</b>		<b>171,689</b>	<b>50,784</b>	<b>3,354</b>	<b>225,827</b>
<b>Changes in Taxpayers Equity 2017-18</b>					
Grant from DoH		628,288	0	0	628,288
Transfers between reserves (Comprehensive net expenditure for the year)		186	(186)	0	0
Non cash charges - auditors remuneration	3	(645,150)	11,257	44	(633,849)
<b>Balance at 31 March 2018</b>		<b>155,057</b>	<b>61,855</b>	<b>3,398</b>	<b>220,310</b>

The notes on pages 104 to 149 form part of these accounts.

# SOUTHERN HSC TRUST

## CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	2018 £000s	2017 £000s
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(645,047)	(599,840)
Adjustments for non cash costs		39,741	27,164
(Increase) in trade and other receivables		(772)	(1,874)
(Increase) in inventories		(544)	(254)
Increase/(Decrease) in trade payables		1,228	(4,940)
<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		2,045	(25)
Use of provisions	15	(6,033)	(2,719)
<b>Net cash outflow from operating activities</b>		(609,382)	(582,488)
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	5	(17,091)	(20,553)
Purchase of intangible assets	6	(2,442)	0
Proceeds of disposal of property, plant & equipment		25	8
Proceeds on disposal of assets held for resale		515	84
Drawdown from investment fund		0	0
Share of income reinvested		59	(399)
<b>Net cash outflow from investing activities</b>		(18,934)	(20,860)
<b>Cash flows from financing activities</b>			
Grant in aid		628,288	603,050
Movement in Charitable Trust Funds		(59)	399
<b>Net financing</b>		628,229	603,449
<b>Net (decrease)/ increase in cash &amp; cash equivalents in the period</b>		(87)	101
<b>Cash &amp; cash equivalents at the beginning of the period</b>	11	1,517	1,416
<b>Cash &amp; cash equivalents at the end of the period</b>	11	<b>1,430</b>	<b>1,517</b>

The notes on pages 104 to 149 form part of these accounts.

# **SOUTHERN HSC TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

### **STATEMENT OF ACCOUNTING POLICIES**

#### **1. Authority**

These accounts have been prepared in a form determined by the Department of Health based on guidance from the Department of Finance'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, unless otherwise stated.

#### **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 2018

- collectively, a number of items have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

#### **Valuation of Land and Buildings**

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

The last valuation was carried out on 31 January 2015 by Land and Property Services (LPS) which is an independent executive body within the Department of Finance. The valuers are qualified to meet the ‘Member of Royal Institution of Chartered Surveyors’ (MRICS) standard.

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

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

Fair values are determined as follows:

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

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **Modern Equivalent Asset**

Department of Finance (DoF) 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. Assets are revalued and depreciation commences when they are brought into use.

#### **Short Life Assets**

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

#### **Revaluation Reserve**

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

#### **1.4 Depreciation**

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



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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 75 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Intangible assets	3 – 10 years
Other Equipment	3 – 15 years

#### 1.5 Impairment Loss

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

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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.

The overall useful life of the Trust's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

#### 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. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

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

#### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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 (or less if so desired) 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

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

#### **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 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**

Investments are held in the Charitable Trust Funds and are stated at market value as at the Statement of Financial Position date. The Statement of Comprehensive Net Expenditure includes the net gains and losses arising on revaluations throughout the year. Details of movements in investments during the year are shown in Note 7.

#### **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.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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

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.

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

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

Financial assets are initially recognised at fair value.

- **Financial liabilities**

Financial liabilities are recognised on the Statement of Financial Position 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

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

- **Interest rate risk**

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

- **Credit risk**

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

- **Liquidity risk**

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

#### 1.17 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, its carrying amount is the present value of those cash flows using DoF-issued discount rates of:

Rate	Time period	Real rate
Short-term	0-5 years	-2.42%
Medium-term	5-10 years	-1.85%
Long-term	10+ years	-1.56%

as at 31 March 2018. The discount rate to be applied for employee early departure obligations is +0.10% with effect from 31 March 2018.



## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

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 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.

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

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

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

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

#### **1.19 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 average staff numbers and costs applied to the average untaken leave balance estimated from the data collected from surveys each year end to estimate untaken leave as at 31 March 2018. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

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

The Trust participates in the HSC 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 DoH. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

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

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

Position date and updates it to reflect current conditions. The 2016 valuation for the HSC Pension Scheme updated to reflect current financial conditions (and a change in financial assumption methodology) will be used in the 2017/18 accounts.

#### **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 other than donated 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 23 to the accounts.

#### **1.23 Government Grants**

The note to the financial statements distinguishes between grants from UK government entities and grants from European Union.

#### **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 health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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**

HSC Trusts are required to consolidate the accounts of controlled charitable organisations and funds held on trust into their financial statements. As a result the financial performance and funds have been consolidated. The Trust has accounted for these transfers using merger accounting as required by the FReM.

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 Office of National Statistics (ONS) control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. 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. Arm's Length Bodies

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

(ALBs), which includes HSC Trusts, apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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

<u>Directorate</u>	2018			2017 - Restated		
	Staff Costs £000s	Other Expenditure £000s	Total Expenditure £000s	Staff Costs £000s	Other Expenditure £000s	Total Expenditure £000s
Children's Services	59,759	21,884	81,643	57,283	21,063	78,346
Acute Hospital Services	185,076	68,987	254,063	172,959	66,969	239,928
Older People's Services	73,586	61,373	134,959	66,751	59,161	125,912
Mental Health and Disability Services	63,987	75,938	139,925	60,910	72,640	133,550
Planning, Performance Management and Support Services	24,850	11,901	36,751	23,562	13,388	36,950
<b>Expenditure for Reportable Segments net of Non Cash Expenditure</b>	<b>407,258</b>	<b>240,083</b>	<b>647,341</b>	<b>381,465</b>	<b>233,221</b>	<b>614,686</b>
<b>Non Cash Expenditure</b>			39,741			27,164
<b>Total Expenditure per Net Expenditure Account</b>			687,082			641,850
<b>Income Per Net Expenditure Account</b>			41,932			41,910
<b>Net Expenditure</b>			645,150			599,940
<b>Revenue Resource Limit</b>			645,190			600,031
<b>Surplus against RRL</b>			<b>40</b>			<b>91</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. The information disclosed reflects the realignment of directorates that took place in 2017/18 and prior year figures have been updated to reflect this.

# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### 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.
- 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 and 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.)
- Research & Development expenditure.



# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTE 3 Operating Expenses

	2018			2017 - Restated		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>Operating Expenses are as follows:-</b>						
Wages and Salaries	335,944	0	335,944	316,096	0	316,096
Social Security Costs	27,168	0	27,168	24,314	0	24,314
Other Pension Costs	44,146	0	44,146	41,055	0	41,055
Purchase of care from non-HPSS bodies	119,702	0	119,702	113,367	0	113,367
Revenue grants to voluntary organisations	4,410	0	4,410	4,579	0	4,579
Personal social services	7,125	0	7,125	6,608	0	6,608
Recharges from other HSC organisations	1,835	0	1,835	1,897	0	1,897
Supplies and services - Clinical	49,862	0	49,862	46,808	0	46,808
Supplies and services - General	6,240	0	6,240	6,054	0	6,054
Establishment	10,911	0	10,911	12,012	0	12,012
Transport	3,276	0	3,276	2,888	0	2,888
Premises	25,387	0	25,387	28,966	0	28,966
Bad debts	7	0	7	(292)	0	(292)
Rentals under operating leases	1,231	0	1,231	1,008	0	1,008
Interest charges	0	0	0	0	0	0
Research and Development expenditure	37	0	37	24	0	24
BSO services	3,982	0	3,982	3,886	0	3,886
Training	1,444	0	1,444	1,265	0	1,265
Professional fees	554	50	604	303	29	332
Patients travelling expenses	376	0	376	379	0	379
Costs of exit packages not provided for	0	0	0	(18)	0	(18)
Other charitable expenditure	0	193	193	0	267	267
Miscellaneous expenditure	3,704	0	3,704	3,487	0	3,487

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 3 Operating Expenses (continued)

	2018			2017 - Restated		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
<b>Non cash items</b>						
Depreciation	18,962	0	18,962	17,926	0	17,926
Amortisation	1,571	0	1,571	1,506	0	1,506
Impairments	(928)	0	(928)	(2,040)	0	(2,040)
(Profit) on disposal of property, plant & equipment (excluding profit on land)	(40)	0	(40)	(16)	0	(16)
Loss on disposal of property, plant & equipment (including land)	9	0	9	2	0	2
Provisions provided for in year	20,285	0	20,285	9,815	0	9,815
Cost of borrowing of provisions (unwinding of discount on provisions)	(162)	0	(162)	(88)	0	(88)
Auditors remuneration	44	5	49	59	5	64
Add back of notional charitable expenditure	0	(5)	(5)	0	(5)	(5)
<b>Total</b>	<b>687,082</b>	<b>243</b>	<b>687,325</b>	<b>641,850</b>	<b>296</b>	<b>642,146</b>

During the year the Trust purchased no non audit services from its external auditor.

Further detailed analysis of staff costs is located in the Staff Report on page 86 within the Accountability Report

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 4 INCOME

	2018			2017		
	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	352	0	352	405	0	405
HSC Trusts	172	0	172	333	0	333
Non-HSC:- Private patients	141	0	141	423	0	423
Non-HSC:- Other	1,616	0	1,616	2,495	0	2,495
Clients contributions	30,466	0	30,466	28,603	0	28,603
<b>Total</b>	<b>32,747</b>	<b>0</b>	<b>32,747</b>	<b>32,259</b>	<b>0</b>	<b>32,259</b>
<b>4.2 Other Operating Income</b>						
Other income from non-patient services	8,101	0	8,101	8,331	0	8,331
Seconded staff	153	0	153	325	0	325
Charitable and other contributions to expenditure by core trust	125	0	125	298	0	298
Donations / Government grant / Lottery funding for non current assets	45	0	45	110	0	110
Charitable Income received by charitable trust fund	0	216	216	0	276	276
Investment Income	0	130	130	0	120	120
Research & Development	169	0	169	164	0	164
Other Income	532	0	532	417	0	417
<b>Total</b>	<b>9,125</b>	<b>346</b>	<b>9,471</b>	<b>9,645</b>	<b>396</b>	<b>10,041</b>
<b>4.3 Deferred Income</b>						
Research & Development	60	0	60	6	0	6
Income released from conditional grants	0	0	0	0	0	0
<b>Total</b>	<b>60</b>	<b>0</b>	<b>60</b>	<b>6</b>	<b>0</b>	<b>6</b>
<b>TOTAL INCOME</b>	<b>41,932</b>	<b>346</b>	<b>42,278</b>	<b>41,910</b>	<b>396</b>	<b>42,306</b>

# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTE 5.1 Consolidated Property, Plant & Equipment Year Ended 31 March 2018

	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 2017 (Restated)	29,779	239,159	13,170	10,476	54,936	6,323	26,884	967	381,694
Indexation	338	12,371	920	0	1,031	233	0	(8)	14,885
Additions	0	4,487	0	4,112	1,632	232	4,538	0	15,001
Donations / Government grant / Lottery funding	0	0	0	0	45	0	0	0	45
Reclassifications	0	13,969	0	(13,969)	0	0	0	0	0
Transfers	0	37	0	0	0	0	0	0	37
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(7,671)	0	0	(1,529)	0	0	0	(9,200)
Impairment charged to the revaluation reserve	0	(1,743)	0	0	(561)	0	0	0	(2,304)
Reversal of impairments (indexation)	1,153	6,503	86	0	15	0	0	(4)	7,753
Disposals	0	0	0	0	(2,798)	(280)	(5,962)	0	(9,040)
									0
At 31 March 2018	<b>31,270</b>	<b>267,112</b>	<b>14,176</b>	<b>619</b>	<b>52,771</b>	<b>6,508</b>	<b>25,460</b>	<b>955</b>	<b>398,871</b>
<b>Depreciation</b>									
At 1 April 2017 (Restated)	0	19,741	883	0	34,940	3,897	14,751	875	75,087
Indexation	0	1,244	83	0	699	161	0	(7)	2,180
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(1,863)	0	0	(1,181)	0	0	0	(3,044)
Impairment charged to the revaluation reserve	0	(423)	0	0	(433)	0	0	0	(856)
Reversal of impairments (indexation)	0	654	8	0	10	0	0	(3)	669
Disposals	0	0	0	0	(2,790)	(275)	(5,962)	0	(9,027)
Provided during the year	0	10,053	416	0	3,511	747	4,208	27	18,962
At 31 March 2018	<b>0</b>	<b>29,406</b>	<b>1,390</b>	<b>0</b>	<b>34,756</b>	<b>4,530</b>	<b>12,997</b>	<b>892</b>	<b>83,971</b>
<b>Carrying Amount</b>									
At 31 March 2018	<b>31,270</b>	<b>237,706</b>	<b>12,786</b>	<b>619</b>	<b>18,015</b>	<b>1,978</b>	<b>12,463</b>	<b>63</b>	<b>314,900</b>
At 31 March 2017 (Restated)	<b>29,779</b>	<b>219,418</b>	<b>12,287</b>	<b>10,476</b>	<b>19,996</b>	<b>2,426</b>	<b>12,133</b>	<b>92</b>	<b>306,607</b>
<b>Asset financing</b>									
Owned	31,270	237,706	12,786	619	18,015	1,978	12,463	63	314,900
<b>Carrying Amount</b>									
At 31 March 2018	<b>31,270</b>	<b>237,706</b>	<b>12,786</b>	<b>619</b>	<b>18,015</b>	<b>1,978</b>	<b>12,463</b>	<b>63</b>	<b>314,900</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 5.1 (Continued) Consolidated Property, Plant & Equipment Year Ended 31 March 2018

	<b>£000s</b>
Of which:	
Trust	314,900
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 (2017:Nil).

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

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Donations	45	110
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 2018

### NOTE 5.2 Consolidated Property, Plant & Equipment Year Ended 31 March 2017 - Restated

	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 2016	28,599	231,013	12,872	1,526	53,995	5,743	21,854	967	356,569
Indexation	259	3,588	258	0	1,131	113	0	0	5,349
Additions	0	3,619	0	8,950	1,551	606	5,030	0	19,756
Donations / Government grant / Lottery funding	0	0	0	0	110	0	0	0	110
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	(225)	(810)	0	0	0	0	0	0	(1,035)
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(18)	0	0	(633)	0	0	0	(651)
Impairment charged to the revaluation reserve	0	(5)	0	0	(490)	0	0	0	(495)
Reversal of impairments (indexation)	1,146	1,772	40	0	19	0	0	0	2,977
Disposals	0	0	0	0	(747)	(139)	0	0	(886)
At 31 March 2017	<b>29,779</b>	<b>239,159</b>	<b>13,170</b>	<b>10,476</b>	<b>54,936</b>	<b>6,323</b>	<b>26,884</b>	<b>967</b>	<b>381,694</b>

#### Depreciation

At 1 April 2016	0	9,989	465	0	32,510	3,274	10,766	844	57,848
Indexation	0	263	15	0	720	70	0	0	1,068
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	(48)	0	0	0	0	0	0	(48)
Revaluation	0	0	0	0	0	0	0	0	0
Impairment charged to the SoCNE	0	(1)	0	0	(550)	0	0	0	(551)
Impairment charged to the revaluation reserve	0	0	0	0	(426)	0	0	0	(426)
Reversal of impairments (indexation)	0	130	2	0	12	0	0	0	144
Disposals	0	0	0	0	(747)	(136)	0	0	(883)
Provided during the year	0	9,408	401	0	3,421	689	3,985	31	17,935
At 31 March 2017	<b>0</b>	<b>19,741</b>	<b>883</b>	<b>0</b>	<b>34,940</b>	<b>3,897</b>	<b>14,751</b>	<b>875</b>	<b>75,087</b>

#### Carrying Amount

At 31 March 2017	<b>29,779</b>	<b>219,418</b>	<b>12,287</b>	<b>10,476</b>	<b>19,996</b>	<b>2,426</b>	<b>12,133</b>	<b>92</b>	<b>306,607</b>
At 1 April 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>11,088</b>	<b>123</b>	<b>298,721</b>

#### Asset financing

Owned	29,779	219,418	12,287	10,476	19,996	2,426	12,133	92	306,607
<b>Carrying Amount</b>	<b>29,779</b>	<b>219,418</b>	<b>12,287</b>	<b>10,476</b>	<b>19,996</b>	<b>2,426</b>	<b>12,133</b>	<b>92</b>	<b>306,607</b>

#### Asset financing

Owned	28,599	221,024	12,407	1,526	21,485	2,469	11,088	123	298,721
<b>Carrying Amount</b>	<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>11,088</b>	<b>123</b>	<b>298,721</b>

#### Carrying amount comprises:

Southern HSC Trust at 31 March 2017	29,779	219,418	12,287	10,476	19,996	2,426	12,133	92	306,607
Southern HSC trust charitable trust fund at 31 March 2017	0	0	0	0	0	0	0	0	0
	<b>29,779</b>	<b>219,418</b>	<b>12,287</b>	<b>10,476</b>	<b>19,996</b>	<b>2,426</b>	<b>12,133</b>	<b>92</b>	<b>306,607</b>
Southern HSC Trust at 31 March 2016	28,599	221,024	12,407	1,526	21,485	2,469	11,088	123	298,721
Southern HSC trust 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>11,088</b>	<b>123</b>	<b>298,721</b>

The prior year figures have been restated due to a reclassification of IT Software from Property Plant and Equipment to Intangible Assets.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 6.1 Consolidated Intangible Assets Year Ended 31 March 2018

	Software Licenses	Other	Total
	£000s	£000s	£000s
<b>Cost or Valuation</b>			
At 1 April 2017 (Restated)	8,346	0	8,346
Indexation	0	0	0
Additions	2,442	0	2,442
Donations / Government grant / Lottery funding	0	0	0
Disposals	(530)	0	(530)
At 31 March 2018	<b>10,258</b>	<b>0</b>	<b>10,258</b>
<b>Amortisation</b>			
At 1 April 2017 (Restated)	3,776	0	3,776
Reclassifications	0	0	0
Disposals	(530)	0	(530)
Provided during the year	1,571	0	1,571
At 31 March 2018	<b>4,817</b>	<b>0</b>	<b>4,817</b>
<b>Carrying Amount</b>			
At 31 March 2018	<b>5,441</b>	<b>0</b>	<b>5,441</b>
At 31 March 2017 (Restated)	<b>4,570</b>	<b>0</b>	<b>4,570</b>
<b>Asset financing</b>			
Owned	5,441	0	5,441
<b>Carrying Amount</b>			
At 31 March 2018	<b>5,441</b>	<b>0</b>	<b>5,441</b>

There were no assets funded by Donations/Government Grant or Lottery Funding during the year. (2016/17: £Nil)

# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTE 6.2 Consolidated Intangible Assets Year Ended 31 March 2017 - Restated

	Software Licenses	Other	Total
	£000s	£000s	£000s
<b>Cost or Valuation</b>			
At 1 April 2016 (Restated)	7,625	0	7,625
Indexation	0	0	0
Additions	721	0	721
Donations / Government grant / Lottery funding	0	0	0
Disposals	0	0	0
	<b>8,346</b>	<b>0</b>	<b>8,346</b>
<b>Amortisation</b>			
At 1 April 2016 (Restated)	2,270	0	2,270
Reclassifications	0	0	0
Disposals	0	0	0
Provided during the year	1,506	0	1,506
	<b>3,776</b>	<b>0</b>	<b>3,776</b>
<b>Carrying Amount</b>			
At 31 March 2017	<b>4,570</b>	<b>0</b>	<b>4,570</b>
At 31 March 2016 (Restated)	<b>5,355</b>	<b>0</b>	<b>5,355</b>
<b>Asset financing</b>			
Owned	4,570	0	4,570
<b>Carrying Amount</b>			
At 31 March 2017	<b>4,570</b>	<b>0</b>	<b>4,570</b>
<b>Carrying amount comprises:</b>			
Southern HSC Trust at 31 March 2017	4,570	0	4,570
Southern HSC Trust charitable trust fund at 31 March 2017	0	0	0
	<b>4,570</b>	<b>0</b>	<b>4,570</b>
Southern HSC Trust at 31 March 2016 (Restated)	5,355	0	5,355
Southern HSC Trust charitable trust fund at 31 March 2016	0	0	0
	<b>5,355</b>	<b>0</b>	<b>5,355</b>

The prior year figures have been restated due to a reclassification of IT Software from Property Plant and Equipment to Intangible Assets



# SOUTHERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTE 7 FINANCIAL INSTRUMENTS

#### NOTE 7 Financial Instruments

	2018			2017		
	Investments	Assets	Liabilities	Investments	Assets	Liabilities
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April	3,070	0	0	2,671	0	0
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Revaluations	(59)	0	0	399	0	0
<b>Balance at 31 March</b>	<b>3,011</b>	<b>0</b>	<b>0</b>	<b>3,070</b>	<b>0</b>	<b>0</b>
Trust	0	0	0	0	0	0
Charitable Trust Fund	3,011	0	0	3,070	0	0
	<b>3,011</b>	<b>0</b>	<b>0</b>	<b>3,070</b>	<b>0</b>	<b>0</b>

#### NOTE 7.1 Market value of investments as at 31 March 2018

	Held in	Held outside	2018	2017
	UK	UK	Total	Total
	£000s	£000s	£000s	£000s
Investments in a Common Deposit Fund or Investment Fund	3,011	0	3,011	3,070
<b>Total market value of fixed asset investments</b>	<b>3,011</b>	<b>0</b>	<b>3,011</b>	<b>3,070</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 8 IMPAIRMENTS

	2018		
	Property, Plant & Equipment	Assets classified as held for sale	Total
	£000s	£000s	£000s
Total value of impairments for the period	520	0	520
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(1,448)	0	(1,448)
<b>Impairments credited to Statement of Comprehensive Net Expenditure</b>	<b>(928)</b>	<b>0</b>	<b>(928)</b>

	2017		
	Property, Plant & Equipment	Assets classified as held for sale	Total
Total value of impairments for the period	(2,664)	1,111	(1,553)
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(69)	(418)	(487)
<b>Impairments credited to Statement of Comprehensive Net Expenditure</b>	<b>(2,733)</b>	<b>693</b>	<b>(2,040)</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

	Land		Buildings		Total	
	2018	2017	2018	2017	2018	2017
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost</b>						
At 1 April	36	0	1,146	1,395	1,182	1,395
Transfers in	0	225	0	810	0	1,035
Transfers out (Disposals)	0 (36)	0	(37) (460)	0 (75)	(37) (496)	0 (75)
Impairment Charged to SoCNE	0	(189)	0	(538)	0	(727)
Impairment Charged to Revaluation Reserve	0	0	0	(446)	0	(446)
<b>At 31 March</b>	<b>0</b>	<b>36</b>	<b>649</b>	<b>1,146</b>	<b>649</b>	<b>1,182</b>
<b>Depreciation</b>						
At 1 April	0	0	0	14	0	14
Transfers in	0	0	0	48	0	48
(Disposals)	0	0	0	0	0	0
Impairment Charged to SoCNE	0	0	0	(34)	0	(34)
Impairment Charged to Revaluation Reserve	0	0	0	(28)	0	(28)
<b>At 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at 31 March</b>	<b>0</b>	<b>36</b>	<b>649</b>	<b>1,146</b>	<b>649</b>	<b>1,182</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 2018

#### NOTE 10 INVENTORIES

Classification	2018			2017		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
Pharmacy supplies	2,461	0	2,461	2,073	0	2,073
Building & engineering supplies	101	0	101	80	0	80
Fuel	177	0	177	177	0	177
Community care appliances	333	0	333	390	0	390
Laboratory materials	318	0	318	157	0	157
Laundry	93	0	93	84	0	84
Other	302	0	302	280	0	280
<b>Total</b>	<b>3,785</b>	<b>0</b>	<b>3,785</b>	<b>3,241</b>	<b>0</b>	<b>3,241</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 11 CASH AND CASH EQUIVALENTS

	2018			2017		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
Balance at 1st April	1,290	227	1,517	1,184	232	1,416
Net change in cash and cash equivalents	(117)	30	(87)	106	(5)	101
<b>Balance at 31st March</b>	<b>1,173</b>	<b>257</b>	<b>1,430</b>	<b>1,290</b>	<b>227</b>	<b>1,517</b>

The following balances at 31 March were held at

	2018			2017		
	Trust £000s	CTF £000s	Consolidated £000s	Trust £000s	CTF £000s	Consolidated £000s
Commercial banks and cash in hand	1,173	257	1,430	1,290	227	1,517
<b>Balance at 31st March</b>	<b>1,173</b>	<b>257</b>	<b>1,430</b>	<b>1,290</b>	<b>227</b>	<b>1,517</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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

	2018				2017 - Restated			
	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	10,277	0	0	10,277	9,441	0	0	9,441
VAT receivable	4,241	0	0	4,241	5,095	0	0	5,095
Other receivables - not relating to fixed assets	774	136	(64)	846	396	87	(36)	447
<b>Trade and other receivables</b>	<b>15,292</b>	<b>136</b>	<b>(64)</b>	<b>15,364</b>	<b>14,932</b>	<b>87</b>	<b>(36)</b>	<b>14,983</b>
Prepayments	2,016	0	0	2,016	1,867	0	0	1,867
Accrued income	931	15	0	946	775	0	0	775
<b>Other current assets</b>	<b>2,947</b>	<b>15</b>	<b>0</b>	<b>2,962</b>	<b>2,642</b>	<b>0</b>	<b>0</b>	<b>2,642</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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

	Trust	CTF	2018 Consolidation Adjustments	Consolidated	Trust	CTF	2017 - Restated Consolidation Adjustments	Consolidated
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Amounts falling due after more than one year</b>								
Trade receivables	1,649	0	0	1,649	1,578	0	0	1,578
<b>Trade and other receivables</b>	<b>1,649</b>	<b>0</b>	<b>0</b>	<b>1,649</b>	<b>1,578</b>	<b>0</b>	<b>0</b>	<b>1,578</b>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>16,941</b>	<b>136</b>	<b>(64)</b>	<b>17,013</b>	<b>16,510</b>	<b>87</b>	<b>(36)</b>	<b>16,561</b>
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>2,947</b>	<b>15</b>	<b>0</b>	<b>2,962</b>	<b>2,642</b>	<b>0</b>	<b>0</b>	<b>2,642</b>
<b>TOTAL RECEIVABLES AND OTHER CURRENT ASSETS</b>	<b>19,888</b>	<b>151</b>	<b>(64)</b>	<b>19,975</b>	<b>19,152</b>	<b>87</b>	<b>(36)</b>	<b>19,203</b>

The balances are net of a provision for bad debts of £4,958k (2017: £5,195k).

The Southern HSC Trust did not have any intangible current assets at 31 March 2018 or at 31 March 2017.

The prior year figures have been restated as prepayments and accrued income are now disclosed separately.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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

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

	2018				2017 - Restated			
	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>								
Other taxation and social security	13,835	0	0	13,835	12,251	0	0	12,251
Trade capital payables - property, plant and equipment	6,509	0	0	6,509	8,554	0	0	8,554
Trade revenue payables	16,425	0	0	16,425	16,472	0	0	16,472
Payroll payables	17,681	0	0	17,681	17,579	0	0	17,579
Clinical negligence payables	631	0	0	631	680	0	0	680
VER payables	0	0	0	0	0	0	0	0
BSO payables	674	0	0	674	1,515	0	0	1,515
Other payables	1,416	21	(64)	1,373	1,337	30	(36)	1,331
Accruals	7,379	0	0	7,379	5,001	0	0	5,001
Deferred income	164	0	0	164	60	0	0	60
<b>Trade and other payables</b>	<b>64,714</b>	<b>21</b>	<b>(64)</b>	<b>64,671</b>	<b>63,449</b>	<b>30</b>	<b>(36)</b>	<b>63,443</b>

The prior year figures have been restated as accruals and deferred income are now disclosed separately.



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 13.2 Loans

The Southern HSC Trust did not have any loans payable at 31 March 2018 or at 31 March 2017.

#### 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 payables 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:

	<b>2018 Number</b>	<b>2018 Value £000s</b>	<b>2017 Number</b>	<b>2017 Value £000s</b>
Total bills paid	223,112	312,757	216,066	306,074
Total bills paid within 30 days of receipt of an undisputed invoice or under agreed payment terms	205,771	278,753	200,230	273,923
% of bills paid within 30 days of receipt of an undisputed invoice or under agreed payment terms	<b>92.2%</b>	<b>89.1%</b>	<b>92.7%</b>	<b>89.5%</b>
Total bills paid within 10 day target	178,443	241,358	177,616	241,862
% of bills paid within 10 day target	<b>80.0%</b>	<b>77.2%</b>	<b>82.2%</b>	<b>79.0%</b>

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

	<b>£</b>
Amount of compensation paid for payment(s) being late	127
Amount of interest paid for payment(s) being late	54
<b>Total</b>	<b>181</b>

The 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.

This charge is reflected in the Fruitless Payments in the Statement of Losses and Special payments in the Annual Report on page 94.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES – 2018

	<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>2018</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April 2017</b>	<b>287</b>	<b>3,524</b>	<b>43,176</b>	<b>0</b>	<b>3,133</b>	<b>50,120</b>
Provided in year	0	0	21,303	0	653	21,956
(Provisions not required written back)	(9)	(180)	(1,365)	0	(117)	(1,671)
(Provisions utilised in the year)	(15)	(186)	(5,044)	0	(788)	(6,033)
Cost of borrowing (unwinding of discount)	1	8	(175)	0	4	(162)
<b>At 31 March 2018</b>	<b>264</b>	<b>3,166</b>	<b>57,895</b>	<b>0</b>	<b>2,885</b>	<b>64,210</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2018

Comprehensive Net Expenditure Account charges	2018 £000s	2017 £'000
Arising during the year	21,956	12,535
Reversed unused	(1,671)	(2,720)
Cost of borrowing (unwinding of discount)	(162)	(88)
<b>Total charge within Operating expenses</b>	<b>20,123</b>	<b>9,727</b>

#### Analysis of expected timing of discounted flows

	Pensions relating to former directors	Pensions relating to other staff	Clinical negligence	CSR restructuring	Other	2018
	£000s	£000s	£000s	£000s	£000s	£000s
Not later than one year	15	187	11,275	0	618	12,095
Later than one year and not later than five years	60	750	7,624	0	406	8,840
Later than five years	189	2,229	38,996	0	1,861	43,275
<b>At 31 March 2018</b>	<b>264</b>	<b>3,166</b>	<b>57,895</b>	<b>0</b>	<b>2,885</b>	<b>64,210</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2017

	<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>2017</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April 2016</b>	261	3,624	34,785	0	4,442	43,112
Provided in year	36	41	11,525	0	933	12,535
(Provisions not required written back)	0	0	(850)	0	(1,870)	(2,720)
(Provisions utilised in the year)	(14)	(190)	(2,124)	0	(391)	(2,719)
Cost of borrowing (unwinding of discount)	4	49	(160)	0	19	(88)
<b>At 31 March 2017</b>	<b>287</b>	<b>3,524</b>	<b>43,176</b>	<b>0</b>	<b>3,133</b>	<b>50,120</b>

Provisions have been made for 6 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement, Injury Benefit, Employment Law and Agenda for Change. 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.

**SOUTHERN HSC TRUST**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

**NOTE 15 (continued) PROVISIONS FOR LIABILITIES AND CHARGES – 2017**

**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>2017</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Not later than one year	15	190	6,780	0	679	7,664
Later than one year and not later than five years	60	763	10,915	0	557	12,295
Later than five years	212	2,571	25,481	0	1,897	30,161
<b>At 31 March 2017</b>	<b>287</b>	<b>3,524</b>	<b>43,176</b>	<b>0</b>	<b>3,133</b>	<b>50,120</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 16 CAPITAL COMMITMENTS

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, Plant & Equipment	3,063	10,614
	<u><b>3,063</b></u>	<u><b>10,614</b></u>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### 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.

	2018 £000s	2017 £000s
<b>Obligations under operating leases comprise</b>		
<b>Land &amp; Buildings</b>		
Not later than 1 year	237	270
Later than 1 year and not later than 5 years	0	72
Later than 5 years	0	0
	<b>237</b>	<b>342</b>
<b>Other</b>		
Not later than 1 year	604	759
Later than 1 year and not later than 5 years	0	323
Later than 5 years	0	0
	<b>604</b>	<b>1,082</b>

##### Note 17.2 Finance Leases

The Southern HSC Trust did not have any finance leases at 31 March 2018 or at 31 March 2017.

##### 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:**

	2018 £000s	2017 £000s
<b>Land and Buildings</b>		
Not later than 1 year	125	121
Later than 1 year and not later than 5 years	94	90
Later than 5 years	94	113
	<b>313</b>	<b>324</b>

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **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 2018 or 31 March 2017.

#### **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 2018 or 31 March 2017.



## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### 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>2018</b> <b>£000s</b>	<b>2017</b> <b>£000s</b>
Clinical negligence	2,221	2,172
Public Liability	172	180
	<hr/>	
<b>Total</b>	<b><u>2,393</u></b>	<b><u>2,352</u></b>

A new discount rate which courts must consider when awarding compensation for future financial losses in the form of a lump sum in personal injury cases came into effect in England and Wales in March 2017. The Department of Justice has power to prescribe the discount rate for Northern Ireland (in consultation with the Government Actuary and Department of Finance). The discount rate has been under active consideration by the Department but any change requires secondary legislation and has not been taken forward in the absence of a Minister. As such, it has not been possible at this time to quantify the potential impact on the Southern HSC Trust of any change in the discount rate.

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### NOTE 22 RELATED PARTY TRANSACTIONS

The Southern HSC Trust is an Arm's length body of the Department of Health 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 £645,190k (2017: £600,031k) of which the Non Cash Revenue Resource Limit is £39,741k (2017: £27,164k)

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:

Ms Eileen Mullan held two positions:

Chair and Trustee of Age NI. The value of transactions between related parties was £108,704.91 (31 transactions) in respect of grant payments for Day Care Services. Balance outstanding at year end was £Nil.

NI Committee Member of Big Lottery Fund. The value of transactions between related parties was £125,000 (2 transactions) in respect of funding to employ Trust staff and pay for Independent Sector groups for services. Balance outstanding at year end was £Nil.

Mrs Pauline Leeson, Chief Executive of Children in Northern Ireland. The value of transactions between related parties was £77,148.48 (6 transactions) in respect of a development officer post which supports the locality planning groups linked to the Southern outcome. Balance outstanding at year end was £Nil.

Mrs Angela McVeigh, has a personal friend who is the owner of Ann's Homecare Domiciliary Care Agency. The value of transactions (from April to October 2017 (retirement date)) between related parties was £3,008,830.31 (68 transactions) in respect of Domiciliary Care Provision.

Mrs Aldrina Magwood, Member of the Board of Governors of Millington Primary School. The value of transactions between related parties was £890.00 (3 transactions) in respect of support for child in care. Balance outstanding at year end was £Nil.

Mrs Siobhan Rooney, Trustee Motor Neuron Disease Association. The value of transactions between related parties was £25.00 (1 transaction) in respect of course fees. Balance outstanding at year end was £Nil.

The related party transactions in 16/17 amounted to £6,364,294 (280 transactions).

## **SOUTHERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

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

The Southern HSC Trust held £8,830k cash at bank and in hand at 31 March 2018 (31 March 2017: £8,500k) 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 2018

#### 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>2018</b>	<b>2017</b>
	<b>Total</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
HSCB	591,853	559,491
PHA	6,039	5,871
SUMDE & NIMDTA	7,208	7,162
Non cash RRL (from DoH)	39,741	27,164
<b>Total agreed RRL</b>	<b>644,841</b>	<b>599,688</b>
Adjustment for income received re Donations / Government grant / Lottery funding for non current assets	(45)	(110)
Adjustment for Research and Development under ESA10	394	453
<b>Total Revenue Resource Limit to Statement Comprehensive Net Expenditure</b>	<b>645,190</b>	<b>600,031</b>

##### 24.2 Capital Resource Limit

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

	<b>2018</b>	<b>2017</b>
	<b>Total</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
Gross capital expenditure	17,443	20,477
Prepayment for Capital Scheme	0	0
Release of Prior Year Prepayment for Capital Scheme	0	(439)
(Receipts from sales of fixed assets up to NBV)	(508)	(78)
Net capital expenditure	16,935	19,960
Capital Resource Limit	17,368	20,464
Adjustment for Research and Development under ESA10	(394)	(453)
<b>Underspend against CRL</b>	<b>(39)</b>	<b>(51)</b>

## SOUTHERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

#### 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>2018</b> <b>£000s</b>	<b>2017</b> <b>£000s</b>
Net Expenditure	(645,150)	(599,940)
RRL	645,190	600,031
Surplus against RRL	40	91
Break Even cumulative position(opening)	(1,869)	(1,960)
Break Even cumulative position (closing)	<u><u>(1,829)</u></u>	<u><u>(1,869)</u></u>

##### Materiality Test:

	<b>2018</b> <b>%</b>	<b>2017</b> <b>%</b>
Break Even in year position as % of RRL	<u>0.01%</u>	<u>0.02%</u>
Break Even cumulative position as % of RRL	<u>(0.28)%</u>	<u>(0.31)%</u>

The Southern HSC Trust reduced its cumulative overspend by achieving a small surplus in 2017/18. 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 19<sup>th</sup> June 2018.

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

**YEAR ENDED 31 MARCH 2018**

## **SOUTHERN HSC TRUST**

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

**YEAR ENDED 31 MARCH 2018**

#### **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**

#### **Opinion on account**

I certify that I have audited the Southern Health and Social Care Trust’s account of monies held on behalf of patients and residents for the year ended 31 March 2018 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

In my opinion the account:

- properly presents the receipts and payments of the monies held on behalf of the patients and residents of the Southern Health and Social Care Trust for the year ended 31 March 2018 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.

#### **Opinion on regularity**

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

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the account section of this certificate. My staff and I are independent of the Southern Health and Social Care Trust in accordance with the ethical requirements of the Financial Reporting Council’s Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Responsibilities of the Trust for the account**

As explained more fully in the Statement of Trust’s Responsibilities in relation to patients’/residents’ monies, the Trust is responsible for the preparation of the account.

#### **Auditor’s responsibilities for the audit of the account**

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 am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.



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

**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

**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*

*19 June 2018*

# SOUTHERN HSC TRUST

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

YEAR ENDED 31 MARCH 2018

Previous Year	<u>RECEIPTS</u>		
£	Balance at 1 April 2017	£	£
6,291,092	1. Investments (at cost)	6,738,243	
1,520,173	2. Cash at Bank	1,757,762	
5,147	3. Cash in Hand	4,103	8,500,108
7,816,412			
2,442,353	Amounts Received in the Year	2,660,263	
47,151	Interest Received	16,835	2,677,098
<b>10,305,916</b>	<b>TOTAL</b>		<b>11,177,206</b>

<u>PAYMENTS</u>			
1,805,808	Amounts paid to or on Behalf of Patients/Residents		2,346,899
	Balance at 31 March 2018		
6,738,243	1. Investments (at Cost)	7,455,115	
1,757,762	2. Cash in Bank	1,371,494	
4,103	3. Cash in Hand	3,698	8,830,307
8,500,108			
<b>10,305,916</b>	<b>TOTAL</b>		<b>11,177,206</b>

Cost Price	Schedule of investments held at 31 March 2018	Nominal Value	Cost Price
£		£	£
6,738,243	Bank of Ireland	7,455,115	7,455,115

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

Acting Director of Finance:

Date: 7 June 2018

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

Chief Executive:

Date: 7 June 2018

ISBN Number

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