



Annual report and accounts 2013 – 14

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Foreword

from Trust Chairman and Chief Executive

Welcome to our annual report for 2013/14, which sets out progress in our continuing drive to improve care for the people we serve.

The last 12 months have been one of the most successful the Trust has had. This is all the more remarkable given the highly constrained financial environment the whole of the NHS is working in.

Delivering high quality services, which are recognised by patients and carers as such, and also meeting national performance targets, both operational (like waiting times) and financial, at the same time is the constant challenge faced by all NHS organisations.

For us to have performed so well in comparison with the rest of the country in all these areas is testament to the professionalism, commitment and compassion of our staff; the excellent partnership arrangements we have with other organisations in the Devon health and social care economy; and the strong, patient-centred governance arrangements we have in place.

This is a record of which we are very proud.

The summary below shows our performance compared with our peers in the 2013/14 financial year:

- ✓ Our Friends and Family inpatient result (a bit like Trip Advisor for hospitals) placed us as the third best non-specialist acute hospital in England;
- ✓ Our waiting times for A&E (all types) was the third best in England;
- ✓ Our composite score in the national staff survey was in the highest quintile, and the second best in the South West;
- ✓ Our waiting times from GP referral to admission were 18th best in the country;
- ✓ We had just one case of MRSA since October 2011 – the best other Trust in Devon, Cornwall and Somerset had five;
- ✓ In the National Quality Index (a composite score of measures of quality that matter most to patients) we came 11th in the country, and 3rd in the South West;
- ✓ We met our financial control total for the sixth year running – one of a minority of NHS Trusts to have done so.

Increasingly our staff are winning national awards for their innovation and delivery of high quality care. We have taken the opportunity to recognise the achievements of our staff at the start of this Annual Report.

We are in a time of great change but 2013/14 was the first full

year following the largest re-organisation the NHS has ever seen. The new system is still bedding down so it is too early to assess the full impact but there are already encouraging signs of the benefits of even closer working with the local authority, and greater engagement with the local population.

Looking forward to the coming year, we, along with all other NHS organisations, face the challenge of transforming services to ensure that we are ready to meet the changing demographics of our population whilst dealing with very constrained budgets.

As a symptom of this challenge, Devon was identified as one of 11 challenged health economies in England, triggering external intensive support to help us understand the solution. The scale of the problem is bigger than one organisation and so commissioners and providers of NHS services will be working together with the common goal of transforming services so that they are safe and affordable.

This will require the redesign of many services across Devon, and will involve many of our local communities to work in partnership and as critical friends with us as we consider how best to provide services which are sustainable, as well as providing equity of access and value for money.



Roger French
Chairman



Alison Diamond
Chief Executive

To receive a copy of any of the papers, documents, strategies or further information contained within this annual report, please contact the Trust Secretary on 01271 314073 or ndht.contactus@nhs.net.

Who we are

Northern Devon Healthcare NHS Trust operates across 1,300 square miles, providing care for people from Axminster to Bude and from Exmouth to Lynton.

The Trust offers both acute services, centred on North Devon District Hospital (NDDH), and integrated health and social care community services, which encompass a network of 17 community hospitals and nine health and social care teams across Torrridge, North Devon, East Devon, Exeter, Mid Devon, Teignbridge and West Devon.

Our community-based and specialist staff work from local bases and, increasingly, in people's own homes. This is in line with the national priority of making sure treatment and care are as accessible as possible, with hospital stays reserved for those who have more serious conditions.

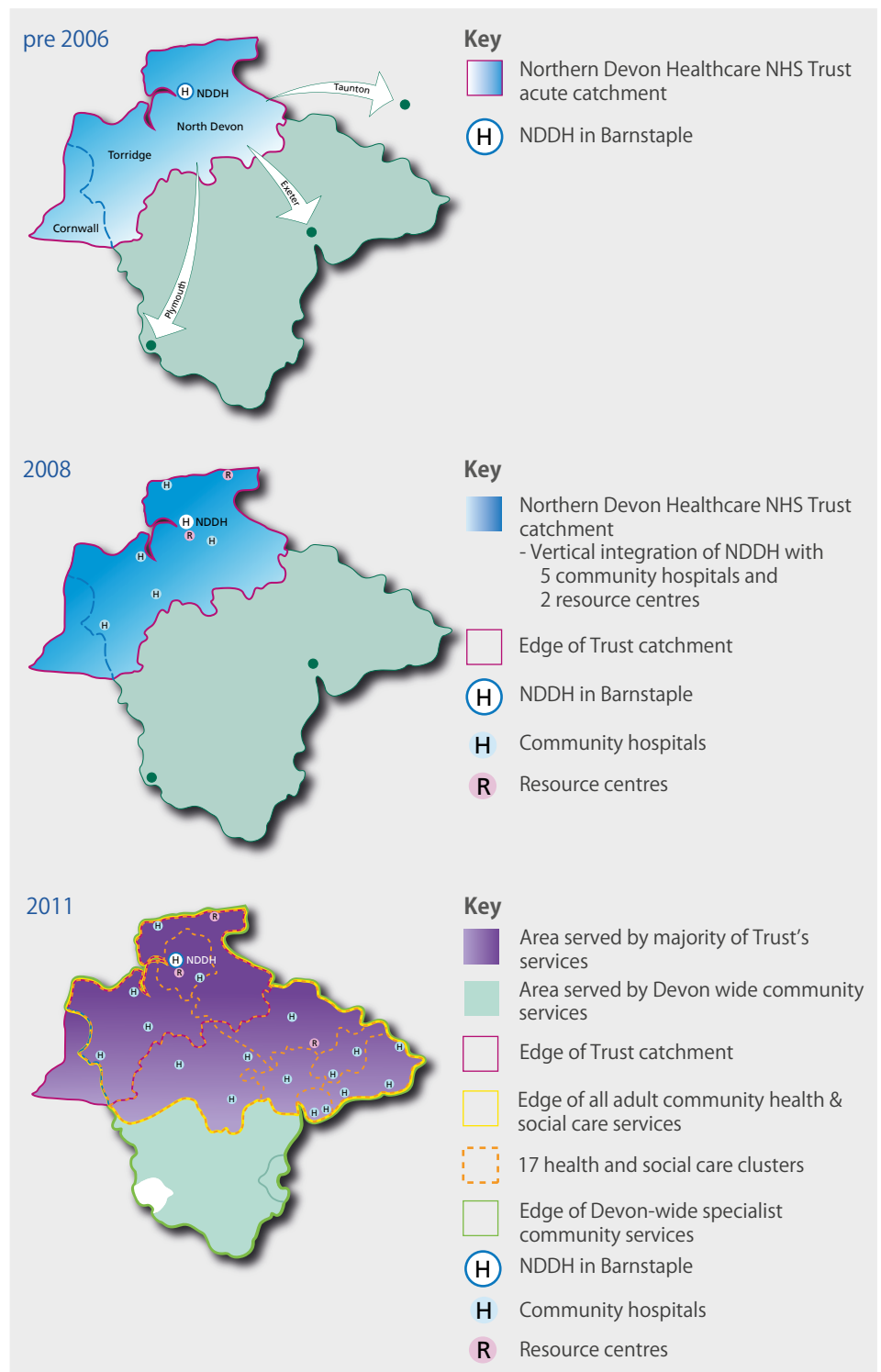
Integration - a 'joined up' approach - is essential to this way of working. Northern Devon Healthcare NHS Trust was one of the first in the country to launch these integrated teams, breaking down boundaries between different agencies so that patients don't get passed from one agency to the other.

In 2008 we took the next step of integrating adult community health and social care services. These teams now support 6000 Devonians to live independently and healthily in their own homes, often with quite complex illnesses.

Our success in integrating care in northern Devon laid the groundwork for the transfer in 2011 of 12 community hospitals and corresponding community health and social care teams covering eastern Devon, and all of the pan-Devon specialist community services to the Trust.

The evolution of the Trust's catchment area is captured by the diagrams on the right.

At any one time, the Trust supports 6,000 patients in their own homes and 600 people in hospital beds. It employs more than 4,300 staff and serves a population of around 484,000, with a budget of £226 million.



What we do

From its headquarters in Barnstaple, the Trust is responsible for the management of, and services provided from, the following bases:

North Devon District Hospital, Barnstaple

In 2013/14, staff at North Devon District Hospital (NDDH) treated 42,126 inpatients, saw 157,336 outpatients and delivered 1,597 babies.

The populations of Torrington and North Devon account for 94 per cent of patients to North Devon District Hospital, with the remaining six per cent coming from residents on the Cornish and Somerset borders or tourists to the area.

NDDH provides a 24/7 accident and emergency service. In 2012 it was designated as a trauma unit within the South West Trauma Network. This ensures that residents of northern Devon have access to trauma services when they need it.

The Trust offers a range of general medical services including cardio-respiratory, stroke care and gastro-enterology. General surgical services include orthopaedics, vascular and colorectal specialties. NDDH is recognised by the Royal College of Surgeons as having one of the highest rates of surgery performed as a day case in England.

The Trust also runs very successful ophthalmology services, which use the latest procedures and techniques to treat glaucoma and macular degeneration.

Over many years, we have successfully pursued strategy to repatriate appropriate acute services to northern Devon to meet the needs of the local community. Fewer people now have to travel out of the area for treatment. Wet, age-related macular degeneration is one real success story as we brought the service to NDDH from South Devon. The team at NDDH now secures some of the best outcomes for eye patients in the South West.

The Trust offers patients a choice of local, specialist services and invites consultants from other neighbouring trusts to hold clinics in the area. The Trust works with Taunton on a vascular network, Derriford on a neonatal network and Royal Devon & Exeter (RD&E) on a cancer network.



Helping people leave hospital

Our pathfinder team at NDDH and our onward care team at the RD&E liaise with the wards in both acutes to organise timely and safe discharges for patients who require ongoing care or support after leaving hospital. As members of the local health and social care teams, the pathfinder and onward care teams develop and arrange any care packages that are required to ensure the patient can leave hospital, with the right support to live independently at home.

Community hospitals and resource centres



The Trust's 17 community hospitals across Exeter, North, Mid, East and West Devon provide local hubs of healthcare for their communities and a range of services that are easily accessible to the local population, including approximately 300 inpatient beds (the Trust actively flexes bed numbers up and down according to local demand).

In addition to the inpatient beds, we use these hubs as bases offering rehabilitation and outpatient clinics with consultants visiting from NDDH and from acute hospitals in Exeter, Taunton and Plymouth.

Some hospitals also offer specialist services such as minor injury units, stroke rehabilitation and/or renal care.

The resource centres in Barnstaple and Lynton provide local residents with a range of local outpatient and self-referring services, such as family planning clinics.

Across Devon the roles and services offered by Community Hospitals are evolving as the needs of the local population change.

Working with our commissioners, we continue to engage with communities to explore the role of community hospitals and how we create vibrant hubs for the benefit of the whole local community.

Integrated health and social care community teams

Our teams of integrated health and social care community professionals work across Devon to rehabilitate patients, avoid admissions and promote the health and independence of the patients on their caseload.

The teams are currently supporting over 6000 Devon residents to live independently in their own homes, often with very complex healthcare needs.

These teams cover the populations of Exeter, east, mid and northern Devon.

Highly skilled professionals, including community nurses, social workers, physiotherapists, occupational therapists, community matrons and the voluntary sector, deliver care and support to patients in or close their home.

Also working with these teams is the Trust's onward care team which is based at RD&E. The onward care team supports safe and efficient discharges home for patients after a stay in hospital. The onward care team work with patients with the most complex health needs and their role is to co-ordinate any care packages that will be required to support the patient to return home and return to independence.

The integrated health and social care community teams also offer a rapid response service to patients. GPs concerned about a patient whose health is deteriorating call the rapid response team who arrive at the patient's home within two hours. We look at what health and social care needs the patient has and the team provide that immediate support in the patient's own home. Quite often this avoids an admission to hospital.

Across Devon we are evaluating these community services to ensure that they deliver high quality care, offer the right support in the right place and are valued by patients, their carers and family.



Specialist community services

The Trust is the main provider of specialist community healthcare services across Devon, including audiology, podiatry and sexual health, stop-smoking and bladder and bowel care services.

The Trust runs the two walk-in centres in Exeter at Sidwell Street and at the RD&E. These services are led by specialist nurses who can provide treatment for minor injuries or illnesses such as sprains, cuts and minor infections.

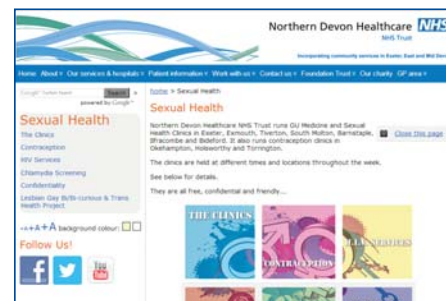
Most of the services have their own websites, as below:



www.healthyteethdevon.nhs.uk



www.healthpromotiondevon.nhs.uk



www.northdevonhealth.nhs.uk/sexualhealth

More information on the Trust's services is available on the website:
www.northdevonhealth.nhs.uk

Trust vision and strategy

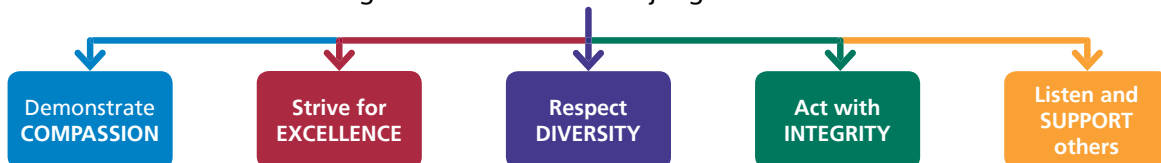
Since 2010 this has been the Trust's vision and strategy.

Our Vision

We will deliver local **integrated** health and social care to support people to live as healthily and **independently** as possible, recognising the differing needs of our local communities across Devon

Our Values

The behaviours against which we will be judged as we deliver our vision



Our Strategic Objectives

- ♦ We will be recognised for delivering care of the **highest quality**, measured in terms of clinical effectiveness, patient safety and the patient experience.
- ♦ We will ensure access to a **sustainable** range of services that are delivered locally through established partnerships and clinical networks with other organisations.
- ♦ We will maximise the benefits derived from an **integrated model of health and social care** that provides the right care at the right time in the right place at the level of the individual.
- ♦ We will recruit and develop a **flexible and multi-skilled workforce** fully engaged in turning the vision into a reality.
- ♦ We will **efficiently and effectively** run our services; generating surpluses to reinvest for our local community and underpinning all we do with systems and processes which deliver safe, high quality services.
- ♦ We will be the **local provider of choice**; trusted by the public and commissioners to meet their needs.

Our Delivery Strategies

Re-shaping Community Services

Improving emergency care

Improving hospital productivity

To deliver.....

A new role for the community hospital: more scheduled care and fewer beds

Using Complex Care Teams to best effect

Emergency Hub: co-locate A&E, medical & surgical assessment

Acute bed realignment

Theatre realignment

Reduction in back office functions

How?

Innovation and telemedicine
e.g. ComPAS

Estate rationalisation and efficiency

Electronic Health Record*

OPD Productivity

Maximising surgical productivity

* The Electronic Health Record will support us in delivering high standards of seamless patient care and improved levels of patient safety, recognising the Trust's Vision, Objectives and Strategies.

Section 1: Trust-wide news

Section One contains the corporate, Trust-wide achievements over the last year, from rewarding and recognising staff to the way we have consistently, across all teams, improved the safety and quality of the services we provide patients.

Trust staff gain recognition in national awards

Throughout the year, the Trust's clinicians entered their achievements into several national awards organised by professional clinical bodies or trade publications.

The following teams won their awards and received national or regional recognition for their work.

Rowan and Linden dementia centres, Ottery St Mary

The Trust's dementia service in Ottery St Mary was showcased as a model of best practice at the national Community Hospitals Association (CHA) awards ceremony in Manchester.

Gaynor Appleby, manager of the Rowan and Linden centres, said: "Yvonne and I were immensely proud to go to Manchester and receive this award on behalf of the team.

"I have a wonderful job, and working with people with dementia and their carers is my motivation in constantly striving for excellence."

The Rowan and Linden centres offer ongoing support for people with dementia, anxiety or depression or who are socially isolated (see full description on page 36 of this Report).

CHA president Dr Andrew Crowther said: "I was impressed at the outstanding service, which offers support to patients and carers in the period between diagnosis and end of life."

Stroke care team wins two national awards

The stroke team at NDDH celebrated a double victory after being named category and overall event winners at the national Advancing Healthcare Awards (AHA) and winning the stroke category of the Care Integration Awards.

The stroke team's early supported discharge (ESD) and VISTA project have been designed to ensure stroke patients get home quickly after specialist treatment and receive the help and support they need to recover as fully as possible.

The NDDH team's entry outlined how it had introduced home visits and additional care support from stroke therapy staff to allow an earlier discharge from hospital for patients, as well as the revolutionary patient and carer support group, VISTA.

The VISTA group meets weekly and gives patients and carers the chance to meet up regularly with others in a similar situation, as well as improve their fitness and speed up their recovery.

Trust patients have seen a 28% increase in walking speed after 12 weeks, a 15% improvement in overall physical wellbeing and a drop in the readmission rate to hospital from 6% to 3% nine months after completing the programme.

The AHA judges said the NDDH team had developed a 'high-quality, seamless, specialist, integrated, equitable and sustainable stroke rehabilitation service'.

Keri earns award for joining up health and social care

Pioneering work to ensure patients get the health and social care they need has earned a regional award for Keri Storey, who is employed jointly by the Trust and Devon County Council.

Keri won the NHS Partnership/ System Leader of the Year category in the NHS South West Leadership Recognition Awards for 2013. The awards are given to those who have ultimately improved people's health or the public's experience of the NHS, and to leaders who we are truly proud to work alongside.

As assistant director of health and social care, Keri's role spans most of the county. Among other things, she has overseen the development of:

- An onward care team based at RD&E to help ensure community support is in place, and so those who do go to the wards and need complex care packages can leave hospital earlier



Keri Storey collects her NHS Partnership/System Leader of the Year award at the ceremony in London.



- The Hospital at Home service, working with GPs, out-of-hours medical services, RD&E and health and social care staff, providing 24/7 care for the frail elderly in their own home to prevent admission to hospital
- Community nurse-led education and support for residential care and care homes, so fewer people have to go into hospital for easily preventable falls and infection

Keri's nominator said: "Her commitment has inspired and empowered local leaders and staff in developing their own solutions to local challenges within an overall framework. This has led to innovative solutions meeting the needs of local populations."

Nurses win Guardian excellence award for work with care homes

Two Trust nurses were winners in the annual Guardian Public Services Awards, which attract top entries from across the country.



Becky Young and Jan Hearnden (see photo) finished top in the Partnership Excellence category, for their work with care homes to save residents from unnecessary hospital admission.

They even won praise from Sir David Nicholson, then chief executive of NHS England, who foresaw their work being replicated across the NHS. The project, funded and developed with Devon County Council, initially provided free training to care homes in Northern Devon to help residents avoid urinary tract infections (UTIs).

It was developed in response to concerns about residents of care homes being admitted inappropriately to hospital and an audit looking at people admitted with UTIs that might have been preventable.

The teams have supported staff in 49 residential and nursing homes. The on-site training has since been extended to cover pressure damage (ulcers), diabetes and other conditions.

As a result, growing numbers of people are avoiding distress, pain and discomfort.

Regional success for clinical research nurses

Geraldine Belcher, a clinical research nurse based at NDDH, won a top regional award for her outstanding contribution to the industry. Geraldine was singled out by the board of the Peninsula Comprehensive Local Research Network (PenCLRN) for her dedication to the recruitment and care of patients to clinical trials.



Geraldine was praised for educating patients and staff, service development and her determination to push for more studies to be undertaken.

Public help us find our Healthcare Hero

In 2013, the Trust asked the public to help us find our Healthcare Hero.

We invited nominations to recognise and celebrate those staff who went above and beyond the call of duty during 2013.



We received nominations for over 30 staff in a variety of job roles, from nurses and matrons to healthcare assistants, pharmacy technicians and housekeepers. The Trust ran the awards in association with Archant South West, the Mid Devon Gazette series, the Exeter Daily and the Okehampton Times.

The newspapers each featured their local nominations and the process culminated in an awards ceremony in April 2014.



Martin Padmore, winner of Healthcare Hero Awards 2013.



Mid Devon's Healthcare Hero Mandy Harper, a healthcare assistant at Tiverton and District Hospital.



Eastern Devon's Healthcare Hero Harriet Nicholls, a community nurse based in Ottery St Mary.

Quality Account: Dementia care tops Trust priorities for improving quality

Dementia patients were at the heart of the Trust's drive to improve quality of care in 2013/4.

Two out of every five hospital inpatients have some form of dementia, which can lead to distress, disorientation and confusion. That proportion is likely to rise as the population ages over the coming years. The priorities for improving dementia care adopted by the Trust last year were to:

- Improve screening and assessment for dementia patients as they come into hospital
- Improve the care environments for patients with dementia

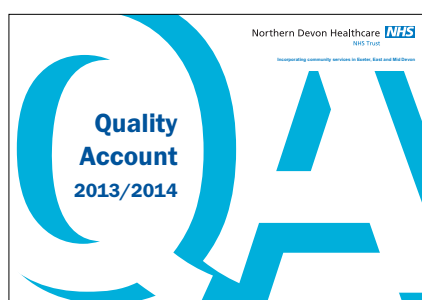
The priorities of the Quality Account were chosen after staff, Trust members and the wider public had been asked for their views.

Our progress on these priorities is reported in the next year's Quality Account.

The Trust's other priorities in 2013/14 Quality Account were:

- Reduce pressure ulcers acquired while in our care in hospital or at home
- Reduce the number of patients who develop blood clots in our care
- Reduce the number of missed doses of high-risk medication
- Improve hydration in patients to help reduce urinary tract infections associated with catheters
- Improve information on discharge to ensure that patients understand what to expect when they go home and how to take their medicines
- Use patient feedback to make sure that patients are safe at home following discharge
- Improve end-of-life care by using feedback from patients and carers

The full Quality Account can be accessed here: www.northdevonhealth.nhs.uk or by calling the Trust Secretary on 01271 314073.



Patient Safety successes through the year

Every year the Trust Board receives a Patient Safety Annual Report which details our achievements, identifies where patient safety has improved and where further focus is required.

The full report can be found on the Trust's website www.northdevonhealth.nhs.uk or on request from the Trust Secretary 01271 314073. The headlines in patient safety for the year 2013/14 are as follows:

- A 75% reduction in cardiac arrests at NDDH (excluding the Emergency Department) – in January 2014 we had zero cardiac arrests – this indicates we are anticipating and reacting deteriorating patients more quickly.
- A 75% reduction in healthcare acquired pressure ulcers (grades 2 to 4). The Trust was averaging 13.6 pressure ulcers per month in quarter 1 2013/14; this reduced to 3.6 per month in quarter 4 2013/14.
- Falls continue to reduce across the Trust, building on the 30% - 50% reduction achieved by the end of 2012/13.
- We continued the Executive-led programme of Patient Safety Walkrounds across the Trust (see page 11 for more detail). In 2013 the walkrounds were enhanced to include triangulation of quality data (patient feedback, incident reports, complaints, sickness rates, etc.) as well as allowing staff the opportunity to feedback any concerns they have to the Executive Director and Patient Safety teams during the walkround.
- Bedside handovers and safety briefings have been implemented in all acute and community inpatient wards, and a system of handover / safety briefing was introduced to all community nursing teams. Where this has been effectively embedded, some community nursing teams report that they have had no pressure ulcers developing in their care for four months or more.
- Reducing patient falls whilst in our care:

NDDH: In 2012/13 NDDH reported patients had 12 harmful falls. This fell to eight harmful falls in 2013/14, a reduction of 33% in year. Since the 2010/11 baseline there has been a reduction of 17 harmful falls representing a 68% reduction in harm over two years.

Eastern Community Hospitals: In 2012/13 Eastern community hospitals reported 19 harmful falls. In 2013/14 this fell to 16 harmful falls, a 16% reduction this year. Since 2010/11 baseline there were five fewer falls.

Northern Community Hospitals: In 2012/13 Northern community hospitals reported seven harmful falls. In 2013/14 this number reduced to three harmful falls or a 57% reduction in harmful falls. Since 2010/11 baseline there has been a reduction of 13 harmful falls representing an 81% reduction in harm.

Trust launches new patient safety walkround programme

The Trust has run a patient safety walkround programme since 2009 to ensure board members – both executive and non-executive directors – are informed first-hand about patient safety concerns of frontline staff.

In light of the new Care Quality Commission (CQC) inspection regime, the Trust launched a new approach to walkrounds in 2013 to more closely mirror the CQC approach.

The safety of patients is crucial to delivering high quality care and walkrounds are important in developing an open culture in this area.

Last year we did walkrounds in the majority of wards at NDDH and then extended them to community sites and teams in 2014.

Prior to the visit, the walkround team review a whole host of data including staff training, staff experience, harm events and serious incidents, patient experience and complaints. This allows the internal inspection team to focus on specific areas.

The walkround team discuss key information with staff and also speak to patients. The teams then discuss their findings, identify any risk areas for the ward or department and agree what actions are needed to address them.

The resulting reports are posted on the Trust's intranet so all teams can share the learning from these walkrounds.

'You said, we did': Trust responds to patient feedback

In March 2013, the Trust published its first annual patient experience report. The report follows the national introduction of the friends and family question: "would you recommend this service to your friends and family?"

Contained are the results for each of the services provided by the Trust as well as the actions we have taken in response to patient, carer or family feedback.

Service	Friends and Family Test score	You said, we did In response to feedback, we changed
Acute inpatient	+82	We launched a SHUSH campaign We raised the temperature of food and started two toast rounds
A&E	+58	No qualitative feedback received due to the use of tokens
Maternity	+82	We have incorporated patient feedback into the plans for the Ladywell Unit – includes refreshments and accommodation for birth partners

The Trust's patient experience programme continued to be integral in the drive to further improve services throughout the organisation.

A number of initiatives were implemented in the last year in response to themes emerging in the programme, which includes feedback from real-time inpatient surveys.

Patient comments about staffing levels have contributed to the decision to increase the ratio of registered nurses to patients on wards, while feedback about noise at night led to the launch of our internal 'SHUSH' campaign.



Practical measures have included changing waste bins to silent-closing models, setting times for dimming lights and new protocols for ensuring patients are aware and prepared in advance of any need to wake and take medication overnight.

In response to comments about food, a series of volunteer, unannounced food-tastings have taken place. The temperature of food when it leaves the kitchen was increased by five degrees and we increased the breakfast toast rounds to ensure every patient gets a warm piece of toast in the mornig.

Patients on the maternity ward told us they would like enhanced refreshments for birth partners, and these were introduced in February 2014.

Patient feedback also resulted in the imminent launch of a bedside leaflet which explains how to reduce the cost of using the bedside TV to £1.50 per day, how to cut car parking costs for regular visitors and details about how to access free wi-fi in the on-site restaurant.

An internal 'Uniform' campaign to remind staff to wear uniform well was introduced in June 2013. This was in response to patient comments that staff did not always wear uniform in a way that gave them confidence.

Emerging from the community nursing teams survey was a patient request for an appointment window for when the nurse will visit. In response to this feedback, 'am' or 'pm' appointment windows have been implemented.

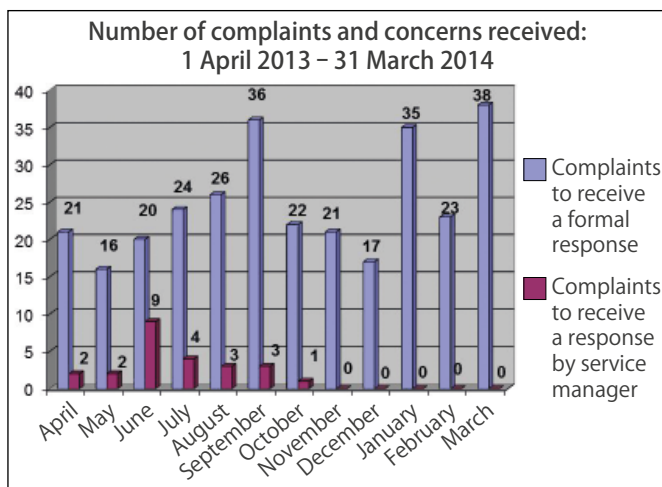
The full report can be viewed on our website www.northdevonhealth.nhs.uk or can be provided by calling the Trust Secretary on 01271 314073.

Complaints

Complaints continue to be a vital source of feedback from our service users, carers and relatives. In line with Trust policy, a complaint becomes formal in accordance with the complainant's wishes. A complaint may originate from a concern (written or verbal) which was impossible to resolve through the Patient Advice and Liaison Service (PALS).

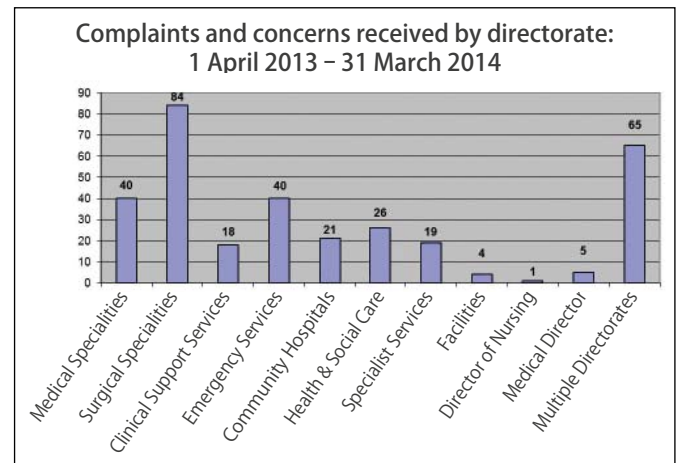
During the year period, 323 complaints were received (a decrease of 35 on 2012/2013) and 2,777 PALS enquiries were received (an increase of 908 on 2012/2013). This increase demonstrates a positive reflection on how patients and service users feel able to provide feedback on their experience, which the Trust welcomes and encourages. As such we would hope to see this patient feedback activity continually increase over time. During the period, no complaints were received by the Care Quality Commission (CQC).

The top five complaint themes were clinical care and treatment (49%), communication (14%), attitude of staff (14%), access to clinical services (7%), and discharge arrangements (5%).



The division with the highest number of complaints for the financial year was the Acute Service Delivery Unit, consisting of Surgical Specialties (84). This was followed by Multiple Directorate complaints (65) and both the Acute Service Delivery Unit, Medical Specialties (40) and Clinical Support and Logistics Service Delivery Unit, Emergency Services (40).

Sixty-five complaints were received within the period for multiple directorates. The graph top right shows the breakdown of complaints received by Service Delivery Unit.



Out of the 28 complaints received for the community hospitals, Exmouth hospital received the highest with six, followed by Axminster and Cridton hospitals (three each).

Ottery St Mary hospital received two complaints, followed by Honiton, Tiverton, Exeter, Sidmouth and Seaton, Bideford and Budleigh hospitals with one.

All complaints are required to be acknowledged within three working days, in line with Trust policy. During the period, 92% of complaints were acknowledged within this timeframe (an increase of 18% on 2012/2013).

The Trust continues to improve the process of acknowledging complaints and the customer relations manager routinely telephones complainants on receipt of their complaint (where contact details are available) to discuss and agree a way forward for managing their complaint and a meeting with relevant senior staff/clinicians involved in their complaint is offered at the outset. Issues for investigation and resolution are also agreed with the complainant during the conversation.

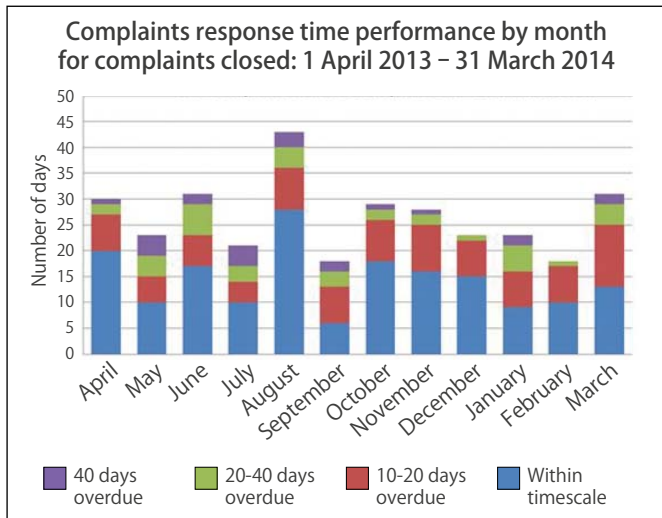
Of the 323 complaints received within the year, 241 complainants were spoken to at the outset of their complaint, and offered a meeting. Of these 67 were accepted and within the year 63 local resolution meetings have taken place. Feedback received during this time shows complainants are very grateful for the opportunity to meet with staff face to face and medical, nursing and senior members of staff are finding them beneficial in resolving the issues of concern and learning from the patient or relatives/carers experience. Once the meeting has occurred the complainant is sent summary notes of the meeting, issued from the chief executive, as opposed to a formal letter of response.

Complaint response performance

During the period, 64% of complaints were responded to within the agreed timeframe, which is an increase of 22% on the last reporting period (2012/13). Historically the Trust benchmarked its complaints performance compliance against whether it met the initial agreed timescale, irrespective of whether an extension to the timescale was negotiated and agreed with the complainant. However from February 2014 this process was changed and the Trust now

reports its response compliance performance to include those complaints responded to within an agreed timeframe extension, in line with best practice undertaken by other Trusts.

However in order to monitor the timeliness of investigations and response the Trust continues to monitor the number of days a complaint response has exceeded the original agreed timescale to ensure it provides optimum responsiveness to complaints, as detailed in the graph below.



Overall performance is improving and through the directorate performance reporting the customer relations team continues to work with the Service Delivery Units to improve performance, with particular focus around reducing the number of complaints responded to within 36-55 days as these will ultimately improve the Trust's overall performance and reduce the number of complaints requiring the timeframe to be extended, thus providing better customer service to those who complain.

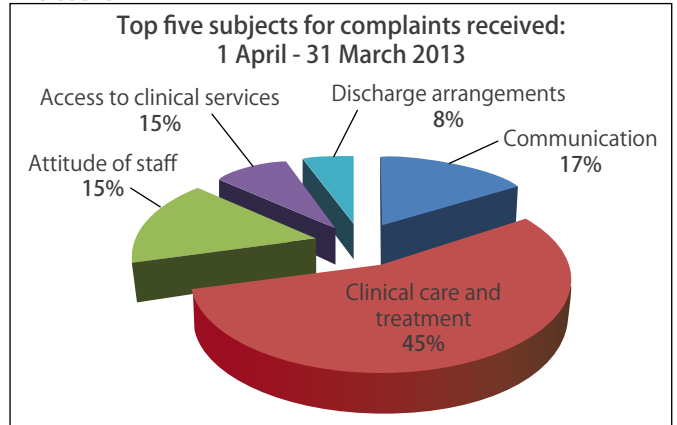
Outcomes and remedial actions from closed complaints

During the period, 316 complaints were closed following investigation. Of these closed complaints, 108 required action to be taken as a result of the concern raised. Of these 108:

- 54 related to clinical care and treatment
- 17 related to communication
- 13 related to attitude of staff
- 8 related to accessing clinical services
- 6 related to discharge planning
- 3 related to admission arrangements
- 2 related to quality of facilities
- 2 related to quality of facilities/hotel services
- 1 related to confidentiality matters

- 1 related to privacy and dignity
- 1 related to patient property

Breakdown of complaints by the top five subject matters



The following two charts identify the top five subject matters for the complaints received during the financial year.

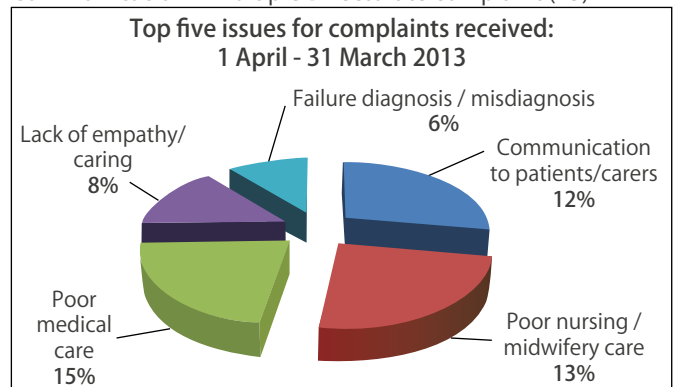
The directorates mainly involved in the top five areas of care above were:

Clinical care and treatment – Multiple Directorate complaint (85)

Attitude of staff – Acute Service Delivery Unit Surgical Specialities (24)

Access to clinical services – Acute Service Delivery Unit Surgical Specialities (10)

Communication – Multiple Directorate complaint (23)



Discharge arrangements – Multiple Directorate complaint (10)

The directorates mainly involved in the top five subjects above were:

Poor medical care – Multiple Directorate complaint (26)

Communication – Multiple Directorate complaint (20)

Poor nursing/midwifery care – Multiple Directorate complaint (19)

Lack of empathy – Acute Service Delivery Unit Surgical Specialities (12)

Failure to diagnose or miss diagnosis - Multiple directorate complaint (8)

Parliamentary and Health Service Ombudsman complaints

Complaints referred by Outcome	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Request received from Ombudsman	1	1	0	0	1	0	1	0	1	3	0	0
Case closed with no further action	2	0	1	3	0	0	0	1	0	0	0	1
Issue upheld and recommendations made	0	0	0	0	0	0	0	0	0	0	0	0

Summary of main themes of PALS issues/matters

The division with the highest amount of PALS feedback was the Acute Service Delivery Unit (ASDU) for Surgical Specialities (755), followed by ASDU for Medical Specialities (470) and Clinical Support and Logistics Service Delivery Unit (CSLSDU) for Clinical Support Services (395). The Trust-wide figure was 2,777.

The top five PALS themes continue to be the same as the previous year: information provision (40%), access to clinical services (23%), clinical care and treatment (8%) and communication (8%), and attitude (4%). The table below show the number of PALS issues by subject matter/ directorate for the year. Information provision continues to be a large proportion of the work undertaken by PALS.

Top three divisions with the highest number of PALS issues	Top three areas of concern	
ASDU – Surgery – 755 issues	Difficulty contacting the department by telephone	98
	Clinical information specific	57
	Information specific to visitors	55
ASDU – Medicine – 740 issues	Clinical information specific	108
	Contact details information for departments	77
	Information specific to visitors	76
CSLSDU – Clinical Support Services – 395 issues	Difficulty contacting department by phone	184
	Clinical information specific	29
	Communication to patients and carers	19

The table below shows the number of PALS issues by subject matter and directorate for the reporting period. You will note from the last table that information provision is a large proportion of the work undertaken by PALS. This remains a strong trend and represents the impact PALS has in providing information to patients, carers or relatives due to their co-location with the Information Centre based at NDDH.

PALS issue by Service Delivery Unit

ASDU - Medical Specialities	740
ASDU - Surgical Specialities	755
CSLSDU - Clinical Support Services	395
CSLSDU - Emergency Services	194
Community Service Delivery Unit (CSDU) - Community Hospital	32
CSDU - Health & Social Care	158
CSDU - Specialist Service	94
Director of Nursing	81
Director of Facilities	132
Director of Finance	36
Medical Director	11
Trust wide	149
Totals:	2,777

PALS issue by subject matter

Access to Services – Clinical	629
Access to Services - Physical	24
Admission arrangements	11
Attitude of staff	115
Benefits	11
Bereavement	9
Clinical Care and Treatment	213
Communication	218
Confidentiality issues	6
Compliments	154
Discharge arrangements	49
Equality and Diversity	2
Quality of Facilities	40
Hotel Services	22
Information Provision	1,108
Medical Records	32
Patients Property	17
Privacy and Dignity	6
Security	8
Transport	103
Totals	2,777

Our response to your complaints: You said, we did

You said

'I am concerned about the length of time it took for me to receive a cardiology outpatient appointment after being discharged from hospital.'

We did

The Cardiology department has recently appointed a third consultant to ensure adequate capacity for appointments within the cardiology clinics.

You said

'I am concerned about the quality of the food and drink during my stay at a community hospital.'

We did

Ward staff were reminded that any complaints surrounding food and nutrition should be fed back to hotel services in a timely manner to aid resolution of their concerns. The Trust will undertake regular food audits within its hospitals to ensure the quality of food is regularly checked.

You said

'I attended the minor injuries unit (MIU) at Exmouth hospital twice and could not be seen by the x-ray department due to the waiting time and the department being closed.'

We did

The MIU will start displaying the waiting times for x-rays within the waiting room to improve communication with patients. When the department is closed, patients will be routinely offered the opportunity of attending the Emergency Department at the RD&E in addition to an appointment the following day at the MIU.

You said

'I am concerned the risks of my procedure were not fully explained to me before my procedure and I was given an information leaflet afterwards.'

We did

A patient information leaflet will be created by the Walk in Centre, which will be given to patients prior to their contraceptive procedure. Currently the manufacturer's information leaflet is contained within the sterile packaging and is given after the procedure has been completed.

You said

'I am concerned about the level of nursing staff working within and the cleanliness of a ward within the hospital'

We did

An apology was given and it was explained monthly audits are undertaken, and reported upon, in relation to cleaning standards. It was also explained the staffing levels on the ward had been reviewed in recent months to ensure the ward is staffed at a correct level.

You said

'I attended the community physiotherapy department and I am concerned at the length of time it took for me to be referred to the spinal team at the Royal Devon and Exeter hospital (RD&E)'

We did

An explanation of the patients care and treatment was given and all musculoskeletal physiotherapists were reminded to give a clear explanation of the spinal pathway and referral protocols for the RD&E at the time of treatment.

Internal awareness campaigns

The Trust ran a series of staff campaigns during the summer to highlight the importance of nutrition and hydration, hand hygiene and uniform.

Make Mealtimes Matter was a month-long campaign in August aimed at reinforcing the importance of nutrition and hydration in improving the safety and outcomes of patients. The campaign coincided with the launch of the Trust's new nutrition policy.

Hand Hygiene and infection prevention: The Trust held hand hygiene awareness events at NDDH, Tiverton, Honiton and Exmouth to tie in with Global Hand Hygiene Day in October. Staff member Michelle King designed a poster, showing five simple steps for cleaning your hands and preventing infection, which will be displayed at sinks across the organisation.

Juniform was a month-long campaign in June which promoted the professional wearing of uniform and clothing by all Trust staff. The campaign was linked to the launch of the Trust's recently-revised uniform and dress code policy.

Trust was awarded £400,000 by national nursing technology fund

The Trust was pleased to hear that we had been awarded nearly £400,000 to equip frontline staff with modern hand-held computers to support the way they care for patients.

The Trust won the money from the Nursing Technology Fund, which was launched by Prime Minister David Cameron and led by NHS England.

The Samsung Galaxy tablets, which come with a digital pen, will be used by nursing staff at NDDH and the 17 community hospitals the Trust runs.

The new technology will enable staff to quickly and easily record and review key clinical information at the patient's bedside.

The aim is to reduce paperwork and free up nursing staff so they can spend more quality time with patients and further improve the care they provide.



Hand-held tablet computer used by nursing staff.

Trust started tendering process for computer system to underpin patient care

In 2013 the Trust launched a tendering process for the introduction of an Electronic Health Record (EHR), which will underpin improvements in care for years to come.

The Trust, in partnership with Gloucestershire Hospitals NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust, invited potential suppliers to come forward as we started the process of upgrading our ageing systems that need replacement as the NHS heads towards a 'paper-light' future.

The project, known as SmartCare, will provide the NHS with modern information systems for their teams of doctors, nurses, therapists and support staff. Among other things, EHR will:

- Improve patient safety by, for example, highlighting special needs, allergies and past medication doses
- Support clinicians in making decisions on treatment, with prompts to take action or to carry out tests
- Be kept constantly up to date and available to key staff involved in each patient's care
- Speed up the ordering and turnaround of tests, such as blood and tissue analysis
- Put an end to the difficulties posed by missing notes
- Reduce medication errors
- Mean patients shouldn't need to repeat the same information to different staff
- Reduce or eliminate the use of paper.

A good EHR will be fundamental to the quality and safety of our services for many years to come, helping us to ensure we provide the right treatment at the right time.

Diagnosis will be quicker, patients should be able to get home earlier, and the days when missing notes cause delays should be a thing of the past.

A wide range of clinicians from all three Trusts are involved in testing the technology. The Trusts aim to choose a preferred supplier in the 2014/15 financial year with a view to it being implemented in 2015.

Central funding to support the project has been authorised by the Cabinet Office, in recognition of a strong joint business case put forward by the three Trusts.



SmartCare

Keeping a close eye on mortality rates

The Board continues to scrutinise the Trust's mortality rates so we can be assured patient care is safe and of the highest quality.

The Summary Hospital-level Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR) are the two main measures used to assess whether there are more deaths than would be expected in NHS care.

The annual Dr Foster Good Hospital Guide has named the Trust among the best 20 Trusts nationwide for its mortality rates.

Both the overall rate, using the Department of Health's favoured measure (SHMI), and the rate for deaths after surgery, are below what might be expected, given the mix of patients. The Good Hospital Guide also highlights an improvement over the past three years in another measure of mortality (HSMR), which is now at expected levels. The data is used to compare hospitals across the NHS on their performance during 2012/13.

We have been focused very firmly on the safety and quality of care for patients, which means lots of small improvements over a long period of time. But these do add up, thanks to the hard work and professionalism of staff, and now we're really seeing the results.

Trust joins South West Academic Health Science Network

In 2013, the Trust joined the newly formed regional network tasked with improving the health and wellbeing of 2.2million people living in Devon, Somerset, Cornwall and the Isles of Scilly.



The Trust is one of 18 core member organisations of the South West Academic Health Science Network (AHSN).

The new AHSN aims to be a catalyst to identify and spread the very best in clinical practice and innovative health and social care. Significant changes will need to be made in response to the pressures on the health system in terms of an ageing population with complex needs and financial pressures on the public sector.

Active involvement in the AHSN places our Trust at the heart of a network which brings together the very best in clinical and managerial expertise across academia, research, education and training. A new and important aspect will be working more closely with the healthcare sciences industry so that together we can improve patient care and the health of the wider local population in the areas we cover.

Workforce of the Future

Staff gain Excellence in Leadership accolade

Trust staff who completed the 2013 Excellence in Leadership Awards collected their accolades at a celebration ceremony. A total of 28 staff completed the year-long course, which is accredited by Coventry University and involves a range of learning activities and assignments focusing on leadership in action in the workplace.

Feedback from the learners and some of their managers was very positive. Darren West, service lead for outpatient physiotherapy, said: "It was one of the most rewarding, useful and practical courses I have been involved in. This course not only benefited me personally but most importantly my teams, the Trust and of course the patients we care for."



2013 Excellence in Leadership Awards

Trust is Large Employer of the Year for apprentices

The Trust was named Large Employer of the Year for its apprentice programme at a regional awards ceremony. The awards were run by Education + Training Skills, a provider of work-based learning across the South West, and formed part of National Apprentice Week.

The Trust was nominated by two of its business and administration apprentices, Lauren Dodd and Emma Bernallick.

Lauren and Emma said: "We decided to nominate the Trust as Large Employer of the Year because we've been given a great opportunity to gain experience in a professional environment and work towards a Level 3 qualification at the same time.

"We've been able to train in a friendly environment and the support we've received from management and colleagues has been excellent."

Gail Richards, workforce development facilitator for the Trust and lead for the young workforce, said: "We have been offering the apprentice programme since 2008 and have now successfully trained around 125 students. We were very proud to win this prestigious award."

Healthcare assistant Chelsea is top apprentice

Chelsea Crossman, 17, won the Apprentice of the Year award from the faculty of healthcare, childcare and public services at Exeter College. She was one of two students taken on by the Trust last year and is proving that gaining on-the-job experience alongside studying can be valuable to both the learner and the employer.

The Trust has employed more than 140 apprentices over the last five years and formed a partnership with Exeter College in 2012.

Darryn Allcorn, interim director of workforce and organisational development for the Trust, said: "This initial partnership has been a huge success, delivering two very competent and committed support workers at Exeter Community Hospital.

"The success of Chelsea Crossman further reinforces the benefits and quality of personal development such a programme delivers. We are now looking to encourage other community hospitals to consider apprenticeships in health as part of their continued recruitment strategies."



Picture: Chelsea Crossman collects her award from Exeter College tutor Vanessa Ackford and assistant principal Malcolm Walsh.

Foundation Trust application update

NHS Foundation Trusts remain part of the NHS but are free from central government control.

Within clearly defined guidelines, a Foundation Trust can raise capital funding and external borrowing and determine the services it wishes to provide.

Monitor and the Care Quality Commission have had to take time to redesign their inspection and authorisation processes in light of the Mid-Staffs scandal and the Francis Inquiry. This means our progress has been delayed.

The first stage for the Trust will be an inspection by the Chief Inspector of Hospitals. We are hopeful that this inspection will take place early in 2014/15.

If the inspection finds that we are delivering services of sufficient quality, we will update and submit our Integrated Business Plan to the Trust Development Authority in the autumn of 2014 and subject to a satisfactory application we would achieve Foundation Trust status by the summer of 2015.

Executive team changes

In this financial year we said goodbye to Carolyn Mills, director of nursing, Maureen Bignell, director of workforce and organisational development and Jac Kelly, chief executive.

Carolyn left the Trust in December for a new role as chief nurse with University Hospitals Bristol NHS Foundation Trust. For eight years, she was a tremendous asset to this Trust in the determination and pace with which she led improvements in nursing, quality and patient safety.

We were delighted to welcome **Kevin Marsh** to the post of director of nursing as of April 2014. Kevin was the deputy director of nursing for Plymouth Hospitals NHS Trust since 2006. He is well-known in professional nursing circles as a leader who can instil confidence, bringing extensive experience and insight into the challenges we face as an organisation.



Maureen left the Trust in January and we wish her all the best in her new role with Wye Valley NHS Trust. Maureen joined the North Devon Primary Care Trust in 2003 and successfully oversaw three significant reorganisations of the Trust, each characterised by her commitment to develop staff skills and limit redundancies. She led from the front with her rigorous HR support for managers and staff, constructive dialogue with unions and work to raise the profile of the organisation.

Darryn Allcorn was promoted internally to the position of interim director of workforce and organisational development. Darryn has stepped up from his role as assistant director of workforce, through which he has successfully led the organisation's workforce planning and learning and development programmes.



Jac Kelly 'a hard act to follow'

We announced the departure of Jac Kelly from the role of Trust chief executive in April 2014.

Jac, who joined the Trust in 2006, said: "It was not an easy decision, but having first arrived in 2006 as turnaround director, I feel I should now hand on to someone else to lead the organisation to Foundation Trust status. I feel extremely fortunate to have worked with so many dedicated and skilled staff, who were always willing to make that extra effort on behalf of patients and their families.



“Frontline or support, trainee or executive, the progress we have made in the past eight years is down to them. We are the envy of the NHS in terms of our integration with acute and community services and community health and social care services.”

Chairman Roger French said: “Jac has always been very open that she planned to leave in 2014 and while we regret that this time has come, I am incredibly proud to have worked alongside her for the last three years – she will be a hard act to follow.”

“The financial and clinical challenge facing her on arrival was enormous. She has returned the Trust to financial balance while doubling the number of consultants and significantly increasing the number of frontline clinicians – nurses, therapists and care assistants.”

“Jac leaves an NHS organisation that has a bright future, and a strong track record in delivering excellent services for patients time and again.”

Anthony Farnsworth, area director for NHS England, said: “Jac has been determined and uncompromising in paying attention to the basic essentials of good-quality care, good performance and good clinical standards. Northern Devon has been truly fortunate to have had a chief executive of this calibre for the years Jac has been in Barnstaple and latterly across Eastern Devon.”

Dr Alison Diamond to take over as chief executive

The Trust announced that Dr Alison Diamond would succeed Jac Kelly as chief executive in May 2014.

Roger French, chairman, said Dr Diamond stood out from a very strong field of candidates during a rigorous recruitment process held over two days.

He said: “Alison has worked for the Trust as medical director since 2010 and has shown immense leadership in furthering the clinical priorities of this organisation.”

“In the current policy climate, to have a clinician of Alison’s experience as the Trust’s leader is a significant advantage.”

“Alison knows the big set of challenges we face and I think we have got the right person for the job.”

Dr Diamond, who worked as a GP in Bideford alongside her medical director role, said: “I am absolutely thrilled at the opportunity to lead the organisation.”

“The Trust is made up of a great team of people who I know have a commitment to develop services to make a real difference for patients.”

Board changes

Welcome on board, Tim



We have appointed Tim Douglas-Riley as a full non-executive director, having been an associate member of the Board since the summer of 2012. A qualified doctor who served as a medical officer in the Royal Navy for 38 years, Tim brings a wealth of experience and expertise to the role. His background as a clinician and strategic-level medical administrator will be invaluable in helping us to take the organisation forwards.

Care Quality Commission inspections of our services

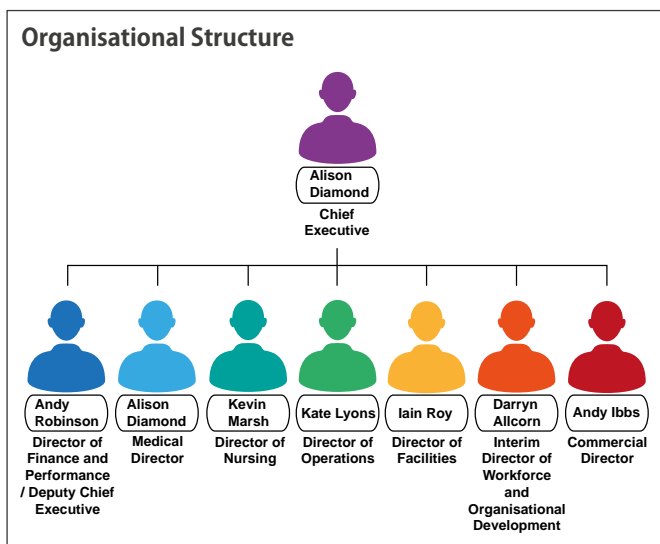


The services of the Northern Devon Healthcare NHS Trust were inspected by the Care Quality Commission (CQC) several times through the year.

The full inspection reports can be found at www.cqc.org.uk and by searching under the name of the service. A brief summary of the findings are contained below:

April 2013: NDDH praised in latest CQC inspection report

In February, North Devon District Hospital received an unannounced inspection by Care Quality Commission inspectors. The resulting inspection report, published in April 2013, confirmed that the hospital met all essential standards in quality and safety.



The inspectors spent three days analysing five key outcome areas, with which NDDH was found to be fully compliant:

- Respecting and involving people who use services
- Care and welfare of people who use services
- Safeguarding people who use services from abuse
- Supporting workers
- Assessing and monitoring the quality of service provision

In the report's summary on patient care, the CQC inspectors wrote: "We spoke to a total of 72 patients and 18 visitors and they praised the care, support and treatment they had received in all areas we inspected.

"Comments included 'The staff are brilliant despite being so busy here – the care has been superb'. Another patient said 'Everybody has been ever so helpful – I've had the best treatment available'.

"The general theme we found was that there was a high level of satisfaction with the care and compassion provided by all hospital staff."

The CQC recommended one or two areas of improvement. See the full report at www.cqc.org.uk.

December 2013: CQC reports "high level of satisfaction" among patients at NDDH

Later the same year, inspectors from the Care Quality Commission (CQC) concluded that North Devon District Hospital is meeting the four out of the five national standards on care and welfare of patients, staffing levels, support for staff and medical records.

The inspectors judged NDDH to be not fully meeting a fifth standard - covering patient consent. The CQC says this has only a "minor impact" on people who use services and acknowledges that work is already under way to correct the issue.

The second in-year inspection looked specifically at five care standards and concluded that:

- Care and treatment was planned and delivered in a way that was intended to ensure patients' safety and welfare
- There were enough qualified, skilled and experienced staff to meet patients' needs
- Patients were cared for by staff who were supported to deliver care and treatment safely and to an appropriate standard
- People were protected from the risks of unsafe or inappropriate care and treatment because accurate and appropriate records were maintained

- The Trust did not always act in accordance with legal requirements in relation to 'do not resuscitate' orders – there was a risk that inappropriate action could be taken (see note on Treatment Escalation Plans on left).

The report says: "Almost without exception, patients and their visitors gave a positive response about the care and treatment they had received. Comments included 'Can't praise it highly enough – doctors, surgeons, nurses, fantastic, fantastic, fantastic'."

Treatment Escalation Plan – compliance following CQC visit

From two inspections in 2013/14 by the Care Quality Commission to Tiverton and then NDDH, it was clear that we needed to support our frontline staff to ensure compliance with the Mental Capacity Act (MCA) and adherence to this act when completing clinical decision tools such as Treatment Escalation Plans (TEPs).

TEPs set out appropriate treatment choices for patients approaching the end of life, in the event they become acutely unwell. The focus is on resuscitation, while the appropriateness of hospital admission and treatments such as IV fluids, antibiotics and dialysis can also be recorded.

Following thorough and continuing audits, we are completely satisfied that every single patient in our care that needs one, has a TEP completed.

The CQC revisited Tiverton at the beginning of April 2014 and found the setting compliant with the consent and MCA requirements.

The Trust's medical director has written to each GP to provide very clear guidance about what we, the General Medical Council and the British Medical Association expect in relation to MCA and end of life care. We also provided training to support the GPs providing medical care in our community hospitals.

Tyrrell Hospital, Ilfracombe

Tyrrell Hospital at Ilfracombe is meeting essential standards for privacy, dignity and nutrition for patients, according to the CQC. The hospital was inspected as part of the first ever 'Time to listen in NHS hospitals – dignity and nutrition inspection programme'.

January 2014: CQC visit to salaried dental service

In January the CQC made an inspection visit to the Out of Hours Dental Service. Their services use our premises and we work very closely with them. The visit lasted all day, with the CQC inspector accompanied by a dental advisor from the Midlands.

Our salaried dental service operates across Devon, with bases in Barnstaple, Exeter, Exmouth, Tiverton, Crediton, Honiton and Okehampton.

From the feedback given and the resulting report, all areas were deemed more than satisfactory, with specific positive feedback given on the day on:

- The excellent patient pathway between our service and the out of hours. It was commented that the dental advisor would like to use our service as an our example of best practice and roll it out elsewhere.
- The cleanliness and tidiness of the surgeries and waiting area
- The excellent set-up of our emergency equipment and resuscitation trolley, which was clear and easy for staff to access in an emergency.

Working closely with our commissioners

All NHS Trusts across the country are contributing to the NHS efficiency target of £20billion over five years. The Trust is playing our part in this and are currently working with our commissioners on a series of cost improvement plans which look at transforming the way we deliver care to improve the patient journey and make efficiency savings.

We are exploring different ways of working across the Trust. For example, we are carrying out a review into the process around follow-up appointments at NDDH while a task group, featuring members of our executive team and their commissioner colleagues, has been set up to look into how community services may be provided differently in the future.

Our aim remains the same – to provide the best quality of care as locally as possible. We are proud to be a high-performing Trust that meets the vast majority of national targets we are set. In order for this to continue, we need to maintain a sustainable income to meet the needs of the services we provide and of the local population.

Preparing for an emergency

The Trust conducted a self-assessment of its Emergency Preparedness, Resilience and Response (EPPR). Every NHS organisation is required to publish details of their response to emergencies.

EPPR looks at our ability to deliver safe, high-quality services at a time of emergency, such as during a serious incident or extreme weather event. Our business continuity plans involve closer working with a number of agencies, including the police, ambulance service, other Trusts and Devon County Council.

A self-assessment found one or two areas where we could improve, but these are being addressed and we are confident our plans will stand up when tested.

Involving you: Helping us make services better

In 2013, the Trust stepped up its engagement work with patients, the public and stakeholders.

Our mission is to ensure that the services we provide meet the wide variety of needs held by the people of Exeter, North, Mid, East and West Devon.

Our aim is to engage in an ongoing conversation with people about their needs and those of local communities. We report back to the community via our bi-monthly newsletter: Pulse.

In 2013/14 members of the public and stakeholders got involved in projects such as:

- Improving the patient experience for people with dementia
- Torrington Community Cares – what should the role of Torrington Community Hospital be in the future, for the greatest benefit of people in and around Torrington?
- Moretonhampstead community health and wellbeing hub
- Learning from Patient Experience Group meetings
- Improving the experience of carers

How can you get involved?

- Invite us to one of your community meetings
- If you are part of a patient group, invite us to one of your meetings
- Let us know if you have experience of a specific condition and would like to be a lay person on a project panel
- Tell us your story – we invite patients to tell us their story in person, in writing or by film, at every board meeting and internal meetings of the Quality Assurance Committee, Learning from Patient Experience Group, Integrated Provider Assurance Meeting and Involving People Steering Group

If you would like to get involved in any of these projects or have any feedback or comments about our engagement programme, please call the engagement office on 01271 313971 or email ndht.involve@nhs.net.

Section 2: NDDH news

North Devon District Hospital over the last year

Quality of nursing highlighted in National Inpatient Survey

We received the full report of the National Inpatient Survey 2013 and were very pleased with our results, which put us in the top 20% of Trusts in the country for 27 of the 61 responses.

We were one of only two non-specialist Trusts in the country to be rated in the top five performers for questions related to nursing.

Trust best in South of England for waiting times

A King's Fund report found that waiting times for patients at the Northern Devon Healthcare NHS Trust were the shortest in the South of England.

The performance, against a backdrop of rising demand, with emergency admissions up 29% from July 2007 to July 2012, was highlighted in an analysis of urgent and emergency care in the South of England.

Data for the year to August 2012 shows the Trust was better than any of the other 35 acute Trusts at providing rapid treatment for people on waiting lists:

- 95.4% of patients who required admission to hospital went on to have their treatment within 18 weeks of referral by their GP
- 99.6% of patients who did not require admission went on to have their treatment within 18 weeks

The Trust was also best in the South of England when it came to providing rapid treatment for patients at A&E or Minor Injury Units (MIUs). Some 98.6% were seen within four hours, with the lowest proportion across the South being 82.8%.

Dr Alison Diamond, medical director, said: "Staff across the Trust have worked extremely hard to make sure we keep treating people promptly, whether they are on the waiting list for an operation or they come through the front door at A&E or one of our MIUs. It is about providing the right care for patients – and early diagnosis leads to better treatment and recovery. It hasn't been easy, given the pressure from a 29% increase in emergency admissions over five years, but we hope it has been worthwhile for the thousands of people who have benefitted."

Trust ranked among best in country for what matters most to patients

In April NDDH was rated among the best in the country according to what matters most to patients. The Quality Index report ranked the Trust ranked 11th out of 146 trusts.

The Quality Index sought to provide the first ever overall assessment of NHS hospital quality in England. It ranked Trusts on 10 different indicators based on what patients said was most important to them. The 10 factors on which Trusts were judged, were:

- Risk of getting an infection from the hospital
- The rate of recent (written) patient complaints about the hospital
- The chance of your operation being cancelled at short notice
- The number of patients who said they got better after being treated in hospital
- The number of patients who said they had a good experience of care
- Whether you would have to share a sleeping area or bathroom with someone of the opposite sex
- How long you would have to wait for an operation
- The risk you would be harmed during treatment
- If you were involved in decisions about your care
- The number of staff at the hospital who would recommend it to family and friends.

The report found that of the 10 indicators, patient experience and waiting times mattered most to the public.

Number of missed appointments cut thanks to telephone reminder service

The number of people missing hospital appointments in North Devon continues to decrease thanks to a telephone reminder service for patients. The scheme has proved to be a major success since it was introduced in May 2011.

The Trust sees about 10,500 outpatients every month and any DNA (Did Not Attend) means a valuable appointment slot is lost. The reduction in missed appointments is helping to not only save time and money, but also means waiting times for patients are shorter as people don't need to be rebooked for dates further ahead.

Under the telephone system, patients are called in the week before their appointment to remind them of the time and date.

In the 12 months before the system was introduced in 2011, 7.1% of appointments were missed in the 11 specialties at an estimated cost to the NHS of £600,000. In 2012/13 the DNA rate had decreased to 5.4%, while the cost came down to an estimated £460,000.

Hospital “punching above its weight”, says top surgeon

A top surgeon from Australia praised North Devon District Hospital for “punching above its weight”, following a three-day visit in April 2013 to compare standards of emergency surgical care in England and Scotland.

Queensland-based liver transplant specialist Professor Jonathan Fawcett – the British Journal of Surgery’s Travelling Fellow for 2013 – spent time with fellow surgeons across the hospital in mid-April. He then visited Salford, Blackburn, Manchester, Edinburgh, Falkirk and Stornaway to compare services between large and smaller hospitals, before presenting his findings to the Association of Surgeons of Great Britain and Ireland International Congress.

Prof Fawcett (pictured) said: “I had a very interesting tour of the hospital, met with all the key services, watched surgeons in theatre and formed a pretty comprehensive picture of how it all works. My impression is that this is a happy and hardworking hospital. It’s a small hospital that delivers outstanding care and really could be said to be punching above its weight, which is obviously very pleasing if you are a local citizen.



“What struck me about it is the degree to which people make the time to reflect on the service they provide, and what could be done to make it better for the patient and better for the British taxpayer in terms of efficiency.

“There are challenges because it’s quite a rural setting so it’s imperative that the local hospital is good because there are no alternatives. But I wouldn’t worry myself if I got appendicitis here or turned up after a car accident. I know I’d be in very well looked after in this hospital.”

Lecture theatre reopens after £100,000 revamp

The lecture theatre at North Devon District Hospital reopened following a £100,000-plus refurbishment.

The theatre has transformed into a bright, modern and flexible space for education and learning.

The new seating, lighting, climate control system and IT facilities will enhance the experience of people attending lectures, inductions, training sessions and other events.

The 70-seat arena also boasts £13,000 videoconferencing facilities, which enables trainee medical staff to take part in regional training for the first time, as well as improved wheelchair access.

The new lecture theatre is a fantastic facility which underlines our commitment to supporting employee education and training.

The Trust funded the revamp with the help of a £30,000 donation from the North Devon Medical Education Charity.

The old seats, valued at £15,000, were stripped out and donated to Centre Stage School in Barnstaple, which gives young people the chance to develop their acting, singing and dancing skills.



Refurbished lecture theatre

Patients highlight high standards of cancer care in Northern Devon

Cancer patients report high standards of care at NDDH, according to the National Cancer Patient Experience Survey 2012/13.

These patients were asked the survey following inpatient or day case treatment at North Devon District Hospital.

Their responses place the Trust among the top 20% of Trusts nationally in 15 out of 60 categories, including:

- Explanations and information for patients about the tests they had
- Choice of treatment
- Patient participation in cancer research
- Easy-to-understand explanations of how the operation had gone
- Levels of privacy during examination and treatment
- Staff action to control pain

- Joint working between hospital and community staff

The Trust was placed among the middle 60% of Trusts in a further 41 categories, and in the bottom 20% in just three, covering:

- Getting understandable answers to important questions from doctors all/most of the time
- Patient's family definitely having the opportunity to talk to doctor
- Nurses talking in front of patient as if they were not there

Work is now under way to improve performance, with the emphasis on these three areas.

Turf-cutting ceremony marks beginning of building work on new chemotherapy unit

An official turf-cutting ceremony took place in February to mark the start of building work on the £2.2million new chemotherapy and day treatment unit at North Devon District Hospital.

The event was attended by key organisations that have donated to the Chemotherapy Appeal, volunteers, staff from the Trust, representatives from building contractor Morgan Sindall and other people closely involved with the project.

The new unit will be a single-storey 600 square metre extension to the west of the main hospital building, replacing the existing outdated facilities on Level 2.

UK construction company Morgan Sindall is expected to take about 12 months to complete the project, which will eventually benefit around 15,000 patients and their families each year.

We are extremely grateful for the amazing fundraising support we have received from so many people over the last three years.

The fundraising team can be contacted on 01271 311772 or at ndht.charity@nhs.net, while people can donate direct at www.northdevonhealth.nhs.uk/fundraising.

Three £50,000 donations boost Chemo Appeal

The fundraising campaign was given a massive boost thanks to three donations of £50,000.

The first cheque was presented by the Exeter Leukaemia Fund and will be used specifically to fund one of the four dedicated haematology consulting rooms. The charity is also working in partnership with the hospital with a view to funding specialist haematology equipment for the new building.

The second cheque was presented by North Devon Cancer Care Centre Trust, which has now donated a magnificent £400,000 to the Chemotherapy Appeal.

The Chemotherapy Appeal was also successful in securing a £50,000 grant from the Garfield Weston Foundation as a contribution towards a treatment room in the new unit.

Hospital Choir concert 'a great success'

The Hospital Choir – NDDH's answer to the Military Wives – continues to raise money for the Chemotherapy Appeal through its wide range of events. The choir raised £2,622 with a concert at Christ Church in Barnstaple, entitled A Night at the Musicals.

Choir organiser Angela Walter said: "We were joined on the night by a local group of very talented singers named Panache.

"The event was a great success and was enjoyed by a packed audience as well as the choir members."



Official turf-cutting ceremony of new chemotherapy and day treatment unit

Health and wellbeing course helps people ‘move on’ after cancer treatment

In 2013, the Trust launched a course to help patients come to terms with a cancer diagnosis, cancer treatment and return to a near normal lifestyle.

The four-week course, called Moving On, provides a range of health and wellbeing advice for patients in Northern Devon who have started, finished or are about to undergo treatment.

Charlotte Overney, the Trust’s lead cancer nurse said: “Being diagnosed with cancer and undergoing treatment is always a very difficult time for patients and their families. The impact of cancer does not suddenly stop when treatment is over, as the physical, emotional and practical effects of the condition can last for years afterwards.

“Our Moving On course is designed to help people prepare for the future, identify their individual needs and support their rehabilitation to enable them to return to work or a near normal lifestyle.”



Endoscopy service rated excellent by patients

Trust endoscopy staff received more than 90% positive feedback in their latest round of patient surveys. Surveys are sent out twice a year to a random selection of patients, following discharge from hospital, to find out how they felt about their procedure.

Questions include ‘Did you have a choice of appointment?’, ‘Were you given enough information about your procedure and was it easy to understand?’ and ‘Was there enough time to speak to members of the medical and nursing teams?’.

In 2013, the Trust Board approved an estates project to improve the privacy and dignity of the patient accommodation in the Endoscopy Unit. The project recognises that the number of patients approaching the

endoscopy service is rapidly increasing and the service has outgrown its current premises. The Joint Advisory Group accreditation also recommended that the service expand to ensure the privacy and dignity of patients during treatment.



NDDH cleaner is best in UK

A cleaner at North Devon District Hospital has been named the best in the country.

Caroline Wait collected the Cleaner of the Year prize at Sodexo’s annual Centre of Excellence Awards at Ascot. Domestic cleaner Caroline was nominated for her dedication, customer service, exceptional professionalism and total commitment to her role.

She also scooped the Kathy Ridgard Award, which recognises an individual who has consistently gone above and beyond the call of duty. Caroline said: “It is great to receive recognition from the business and from our chief executive, Debbie White, for doing a job I love.”

Sodexo employs over 35,000 people in the UK and Ireland and provides cleaning, catering, portering and other services at NDDH.



Caroline Wait is congratulated by Simon Pears, Sodexo’s head of security.



Emergency Hub project

In 2013, the Trust launched its Emergency Hub project which sees a significant investment to improve the emergency services at the front door of NDDH. Since 2008/9 the Trust has seen a 19% increase in attendances at A&E, and a 13% increase in admissions to NDDH wards from patients arriving at A&E.

The Hub will help NDDH respond to the continually increasing demand for emergency NHS services. It will bring together assessment and A&E services in one location to support seriously ill or injured patients get the help they need quickly as soon as they arrive.

Once the business case has been approved by the Trust Board, the Trust launch the public engagement phase of the project. We will be seeking input from patients, the public and stakeholders on the design and processes within the new hub.



A&E department given £70,000 revamp

In the meantime and running parallel to the Emergency Hub project, the A&E department at North Devon District Hospital underwent a £70,000 refurbishment aimed at improving the experience of patients.

Patients are now seen in separate, dedicated majors and minors areas, depending on the severity of their condition. The number of majors bays has been increased from seven to 10, allowing patients arriving by ambulance to be seen and treated more quickly.

The new model of delivery and improved environment will enhance the experience, privacy and dignity of patients attending A&E.

The changes will help to improve the flow of patients through the hospital, particularly during peak periods, and enable us to transfer patients from ambulances into A&E more quickly.

This is particularly useful in winter, when we see an increasing number of people needing admission to hospital.

The minors area will bring added benefits in the summer, when the large influx in holidaymakers means we see a greater proportion of people presenting with minor injuries and illnesses.

The A&E also has a new pedestrian entrance, triage and treatment room and children's waiting area. The revamp is part of the Trust's Emergency Hub project, which aims to develop assessment and A&E services in one location.

Being part of the community:

Students experience the real NHS during week at NDDH

Students from across North Devon and North Cornwall gained a close insight into the NHS and what it's like to work in a hospital when they spent a week at NDDH. The Trust held its work experience week for the fourth year in a row and welcomed over twenty year 10 students. The students heard from most professions, from physiotherapists to senior consultants, about their role and what they needed to do to study for these positions.

Megan Knock, a student at The Park Community School in Barnstaple, said: "The week was very inspirational and taught me so much. We followed doctors and others around the hospital as well as took part in clinical skills, which has given me more knowledge and has inspired me to become a doctor even more."

Exciting new project gives young people with disabilities on-the-job training at NDDH

The Trust teamed up with Petroc and Pluss to offer students with disabilities a unique work experience opportunity. Project SEARCH is a one-year internship programme based at North Devon District Hospital which gives 18 to 24-year-old students with learning disabilities the chance to try a wide variety of job roles.

The scheme, which launched in September 2013, will increase employability while building confidence, developing life skills and encouraging independence. It is also hoped the internships will lead to permanent employment for many of the students. County Council funding has enabled the project to expand to North Devon.

Darryn Allcorn, interim director of workforce and organisational development for the Trust, said: "As the largest employer in the area, we have embraced the opportunity to work with Petroc and Pluss in support of this project. The project aims to offer new opportunities and challenges to the successful applicants and the collaborative approach to learning and support in the workplace will reinforce our commitment to work-based learning and assist the individuals towards fulfilling careers and employment."

Event raises awareness of Parkinson's

People were offered the chance to learn more about Parkinson's at an awareness event at North Devon District Hospital in April 2013.

Lynn Gill, Parkinson's specialist nurse for the Trust, was joined by Denise McDonald, information and support worker for Parkinson's UK, and members of the Barnstaple and Torrridge branches of the charity. They gave information about services available locally and answered questions about the support they offer. The event was part of Parkinson's Awareness Week, which took place from 15 to 21 April.

NDDH helps to raise awareness of domestic abuse and the support available

North Devon District Hospital hosted a week-long event to raise awareness of domestic abuse and the support available locally. There were stands in A&E and the Ladywell Unit at NDDH throughout the Devon-wide domestic violence and abuse awareness week.

The theme was 'Is This Safe?' – aimed at highlighting the growing problem of cyberstalking and its link to domestic abuse. The stands at NDDH gave more information about the range of support available from North Devon Against Domestic Abuse (NDADA) and other agencies.

'Start a conversation about alcohol'

People were able to learn more about the health benefits of avoiding alcohol in a week-long awareness event at North Devon District Hospital. The North Devon alcohol liaison team ran a stand throughout Alcohol Awareness Week, which focused on how many calories you take in with each drink and how cutting down can help your health, sleeping patterns and general wellbeing.

Chris Jordan, alcohol nurse, said: "Whether it's a few beers in front of the TV or a couple down the pub, many of us like to have the occasional drink. "But research shows that drinking too much on a regular basis has serious health risks and can play a role in more than 60 different medical conditions, including cancer, high blood pressure, cirrhosis of the liver, heart disease and stroke."

The alcohol liaison team includes two alcohol nurses and three assertive outreach workers, who are all employed by the charity Addaction. They aim to reduce alcohol-related admissions to NDDH by targeting the individuals who present most often to hospital with alcohol problems and work with them in the community to prevent further admissions.

Looking after our youngest members of the community:

Pain distraction system benefits young patients at NDDH

Children undergoing procedures at North Devon District Hospital are benefitting from a new, state-of-the-art system which distracts them and reduces the pain.

Caroline Thorpe Ward now has an interactive Pain and Anxiety Distraction System in its treatment room. The equipment provides breath-taking 3D images – including of an underwater world, castles, butterflies and dinosaurs – which captivate and distract child patients when receiving difficult and painful procedures such as injections, blood tests or blood transfusions. The system was purchased by local charity Care for Kids North Devon with the assistance of a £7,700 donation from staff at South Molton technology company Eaton.



Pictured with the new pain distraction system at NDDH are (from left) Jo Dunbavin (trustee, Care for Kids), Dr Julian Cox (paediatric consultant), Ian Pincombe (treasurer, Eaton charity committee), Andrew Thorne (vice-chairman, Eaton charity committee), Di Wogden (committee member, Care for Kids) and Care for Kids trustees Jacky Massos, Fran Greenaway and Jenny Birch.

Maternity survey highlights high standards of home care

High standards of care at home after birth were highlighted by new mums in Northern Devon who responded to the Care Quality Commission's 2013 maternity survey.

The 120 women who gave their views scored the Trust among the top Trusts in the country for looking after them and their new baby as they settled back into home life together.

In particular, they rated their midwives' postnatal home care as better than in most other Trusts for:

- Always listening
- Taking personal circumstances into account when giving advice

- Knowing their medical history and that of their new baby
- Generating confidence and trust
- Giving telephone contact numbers

The survey also looked at women's experiences of antenatal care, labour and birth, staff support, care in hospital after the birth, and feeding. In all these other areas, the Trust performed in line with other Trusts.

Toby Cooper, head of midwifery, said: "This was a pleasing set of results that reflects the passion of our staff for what they do and the compassion they show towards 'their' mums.

"It's good to know that the women we look after are particularly pleased with the care they get back at home, because that's what sets them up for the future, but to score nine out of 10 for labour and birth is also excellent.

"There are clearly some areas where we'd like to improve, and that's exactly what we aim to do."

Our maternity service keeps mothers and babies safe

Maternity staff at NDDH celebrated after securing high marks in an assessment of how they manage clinical risks to keep mothers and babies safe.

The assessment was carried out for the NHS Litigation Authority's Clinical Negligence Scheme for Trusts (CNST), which provides insurance cover for the Trust. The team scored 47 out of 50 to be awarded Level 2 CNST compliance, reflecting the huge amount of work that has been carried out to advance from Level 1.

The assessors said in their final report: "The maternity service was last assessed at Level 1 in November 2011 and since that time has made considerable improvement to policy and process, which is reflected with this high score at Level 2.

"There was considerable engagement with the assessment process across the maternity service and the team should be very proud of their achievement."



Section 3: Our Community Services

News from the Trust's community hospitals and integrated community health and social care teams across northern and eastern Devon.

Community Hospitals

The Trust's 17 community hospitals across Exeter, North, Mid, East and West Devon provide local hubs of healthcare for their communities and a range of services that are easily accessible to the local population, including approximately 25 inpatient beds. The hospitals vary in size from 10 bedded units to wards of 30 inpatient spaces: the Trust actively flexes bed numbers up and down according to patient demand.

In addition to the inpatient beds, we use these hubs as bases for health and wellbeing such as rehabilitation and outpatient clinics.



Community integrated health and social care

The Trust's integrated health and social care teams cover about half of Devon area supporting up to 6,000 patients at any one time to live safely and independently in their own homes.

The community teams are aligned around GP practices in nine clusters across Exeter, Torridge, North, Mid, East and West Devon. Each team serves patients who need regular support from skilled professionals, including community nurses, social workers, physiotherapists, occupational therapists and community matrons.

Patients with long-term conditions such as chronic obstructive pulmonary disease (COPD) or diabetes, or those who need rehabilitation following surgery, an illness or discharge from hospital, benefit from the support of these teams in their own homes.

The Trust, along with Devon County Council (DCC), was one of the first in the country to launch these integrated teams, breaking down boundaries between different agencies to ensure patients don't get passed from one to the other.

The Northern Devon Healthcare NHS Trust has a partnership agreement with DCC which enabled the creation of integrated health and social care teams. As active partners in the transformation of community services in Devon, the Northern Eastern and Western Clinical Commissioning Group and DCC have invested in transformational schemes using a funding stream called Section 256. Some of the achievements and case studies overleaf have been made possible by this funding stream and a commitment in Devon to develop and modernise models of care.

The values and objectives of our health and social care directorate.

Devon County Council

Northern Devon Healthcare NHS Trust
Incorporating community services in Exeter, East and Mid Devon

Health and Social Care Directorate Our Values and Objectives

We will deliver high quality, local health and social care services to support people to live as healthily and independently as possible, recognising the diverse needs of our local communities across Devon

Objectives

1. **Embedding quality in everything we do.**
We will embed quality in everything we do through demonstrating clinical effectiveness, personalised safe services and responding to feedback from people who receive our services.
2. **Improving service efficiencies**
We will improve service efficiencies and optimise standardised processes to be able to achieve financial balance and increased productivity.
3. **Communicating our strategic service model and achievements**
We will communicate better the outcomes and achievements of our integrated community service model.
4. **Working with others**
We will work closely with commissioners, key stakeholders and key partners in the statutory, independent and voluntary sector to improve the quality of care and help shape future service developments.
5. **Maintaining sustainable services**
We will support services to maintain business continuity and deliver sustainable services during periods of increased demand and future organisational change.
6. **Engaging and developing staff**
We will listen and work closely with staff to ensure that teams are fully engaged, have staff with the right skills and experience and that individuals act as ambassadors for the organisations.

Trust-wide developments in community services

Avoiding admissions

Whilst a great deal of the work of the community health and social care teams is to support people to live healthily and independently at home, there are times when a patient's condition worsens and they call for help.

Because of the success of the health and social care community teams and their increasing case load of patients, the Trust introduced Urgent Care Co-ordinators into every health and social care team in northern and eastern Devon. Following a call from the GP or patients, the Urgent Care Co-ordinator arranges for someone to visit the patient at home within two hours.

During this visit the patient's health and social care needs are thoroughly assessed and we explore the reasons for the health crisis. This usually helps avoid an unnecessary admission to hospital.

This service is not for critical illness or injury and does not replace the 999 service, however it does offer the support to those patients for whom a hospital admission is not needed.

Supporting quicker discharges

At NDDH and RD&E, the Trust has installed teams specifically geared to help patients leave hospital as soon as it is safe to do so.

Their aim is to support the ward medics and staff to think early about discharge and start planning what needs to be in place for the patient to leave hospital.

The Pathfinder (NDDH) and Onward care (RD&E) teams are experts in care planning for people after hospital and are very familiar with the range of community services available in each locale to support people with continuing care needs as they leave hospital. This means that relatives, carers and friends get targeted support to work through the range of provision and processes to arrive at a care plan of community nursing, therapy or voluntary sector involvement.

Both the Pathfinder service and Onward Care have extended their remit into the Emergency Departments at NDDH and RD&E to help staff identify a patient's onward care needs and then co-ordinate those services to ensure that the patient can go home from Emergency Departments with support rather than being admitted, still requiring that onward care support.

More Trust staff qualify as non-medical prescribers

In 2013, the Trust continued its commitment to train more clinical staff to become non-medical prescribers. Non-medical prescribers can provide treatment to patients that previously could only be offered by doctors.

There are now 84 non-medical prescribers in the Trust – with more being trained.

The Trust is one of the few Trusts in the country to invest in a full-time lead for non-medical prescribing, Sally Jarman.

Sally, who is based at the Trust's Exeter Airport HQ, said: "Non-medical prescribers can help to improve patient care in a number of ways, including offering quick access to medicines, closer monitoring of treatment and allowing more patient choice.

"Many of our non-medical prescribers are community nurses, and help to provide prescriptions to patients in rural localities who would otherwise have to travel long distances to see a doctor."

Community matron Karen Moss, a newly-qualified non-medical prescriber, is pictured with patient Roger Dymond. She said of the system: "If something is needed, it can be sorted out easily and contemporaneously and therefore patients can get effective treatment quickly."



From clockwise around the region:

Moretonhampstead

Emerging vision of a health and wellbeing hub

The Trust and the Northern, Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) have launched an engagement exercise with communities in and around Moretonhampstead to discuss the best use of the town's community hospital.

In September 2013 the Northern Devon Healthcare NHS Trust was forced to close the hospital's six inpatient beds due to staff shortages, including unfilled vacancies and staff departures.

Discussions with the community are now under way to look at how best the hospital can be used in the future with the Trust and NEW Devon CCG both committed to ensuring the views of the public be included in this planning.

Four drop-in sessions took place in November, along with a public meeting in December. These gave the public an opportunity to meet commissioners, managers and clinicians, offer suggestions about services that could be delivered from the hospital and raise any concerns they had about the project.

A steering group has now been set up to look at how the suggestions can be taken forward.

The steering group has nominated some members onto a 'communications sub-group' with the aim of ensuring that the community is aware of progress and how to give feedback. A website to support this communication has been set up at www.healthypeoplemoreton.co.uk.



Torrige

Impact of Section 256 investment in Torrington and Holsworthy

More patients are being supported to live independently in their own homes thanks to the extension of community nursing and therapy services in Torrige.

Since 2011, the Northern Devon Healthcare NHS Trust has received investment to boost its community rehabilitation services in the Torrige area with the assistance of funding (called Section 256) from Devon County Council and the NEW Devon CCG.

The project has led to significant improvements and positive feedback from patients, who receive a co-ordinated package of care in the comfort of their own home and avoid the disruption of being admitted to hospital. This also means people can often come straight home from North Devon District Hospital.

The Torrington and Holsworthy therapy team now comprises 21 whole-time equivalent staff – a three-fold increase from seven staff a year ago.



Members of the Holsworthy and Torrington therapy team: (from left) Kate Revell (balance class support worker), Christine Cameron (podiatrist) and Jo Horn (balance class facilitator).

The Trust has also enhanced the community nursing team in Torrington with new hours of 8am to 8pm seven days a week – an extension from 9am to 5pm.

The community clinicians are supporting patients with greater complexities at home, with tailored packages of care and intensive support helping to reduce hospital admissions and speed up discharges by up to two weeks.

The support workers are able to visit more frequently during the week and the therapists are able to provide a more responsive and holistic service to help people to remain independent at home.

The extension of the district nursing service means we can provide more urgent same-day visits and respond rapidly when a crisis occurs to prevent an avoidable admission to hospital.

The enhanced team currently looks after about 275 Torrington and Holsworthy residents in their own homes at any one time, and typically makes 35 face-to-face contacts with these patients each week.

Test of change in Torrington: Six month pilot of home-based care

In July 2013, the Northern Devon Healthcare NHS Trust and NEW Devon CCG announced a six-month trial of home-based care in Torrington.

Torrington Community Cares

The rationale for this trial was the increasing success of the enhanced Torridge community health and social care team in supporting 180-200 residents of Greater Torrington in their own homes at any one time.

Introducing the trial, Dr John Coop, the Trust's clinical director for community services, said: "With an ageing population and people having more complex health issues, we and Trusts across the country need to explore new ways of working that focus on treating patients at or closer to home rather than in a hospital.

"We need to take proactive action now to face up to these challenges and ensure we can continue to provide high-quality, sustainable services in the future.

"We know that most people would prefer to be looked after in their own home, and this pilot will give us an excellent opportunity to test a new model of care.

"The community teams are able to provide all the treatment a patient would receive in hospital in the familiar surroundings of their own home, which has been proven to improve their recovery and overall health and wellbeing."

During the course of the pilot, the 10 inpatient beds at Torrington Hospital closed but all outpatient clinics continued as normal.

A 16-page document called Meeting Local Needs was prepared for people in support of the trial. We also launched a website (www.torringtoncares.co.uk) to support engagement WITH the Torrington community.

Since 2011, the investment and expansion of this team (Section 256, see page 31) had a dramatic impact on admissions to Torrington Community Hospital: from an average of 12 a month in 2010/11 to 5.5 a month up to July 2013.

Four months into the trial of home-based care, only eight Torrington residents needed an admission to a community hospital for an equivalent health need, or two per month. This directly compared to the 400 referrals to the community team over the same period.

The 31st March 2014 marked the end of the six month evaluation period and test of change regarding the new model of community NHS care in Torrington.

The NHS published the validated results from key milestones in the pilot: eight weeks, four months then the full six months on www.torringtoncares.co.uk. Each evaluation report was presented for consideration by the community-led Oversight Group, whose membership comprises of stakeholder groups and individuals from Torrington.

The stories of patients in their own words are here: www.torringtoncares.co.uk.

The engagement and involvement with the local community about this trial continued into the 2014/15 financial year.

Torrington: What should the role of Torrington Community Hospital be in the future, for the greatest benefit of people in and around Torrington?

Running parallel to the six month pilot of home-based care in Torrington was an engagement exercise to inform the answer to the future role of Torrington Community Hospital.

The rationale for this exercise was to encourage the community to think of how best to use the space at the hospital vacated by the beds during the six-month trial when the beds were closed.

This was a real opportunity for people in and around Torrington to tell us what sort of care they would like to see closer to home.

The community told us that they have concerns about transport links, public transport, access to services, end-of-life care and the sources of funding to support social and healthcare services.



Torrington Community Hospital

A series of workshops were held in December to gain a deeper understanding of the concerns people had, provide more information about current services and find out what new services would be of use to the community.

Using this feedback, we looked at what else could be brought into Torrington to save those difficult journeys and barriers to accessing resources.

The following new or extended services were launched from Torrington Community Hospital.

- Midwife clinics for expectant mums, five days a week
- Family planning and sexual health drop-in clinics for people of all ages
- Extended physiotherapy classes – strength and balance (see below)
- Infusion (intravenous) treatments, three days a week (blood, antibiotics and steroids)
- Additional chiropody services for people with foot problems, including patients with diabetes
- Leg ulcer clinic one day a week
- Untrasound clinics every week

Each one of these new services is saving a resident from Torrington from making a trip to North Devon District Hospital or is providing a service on more days, which makes it more convenient for people.

Strength and balance classes help to reduce number of patient falls

The development of strength and balance classes in Torridge is helping to boost the health, wellbeing and confidence of patients who suffer from falls or are afraid of falling.

Falls account for over half of hospital admissions for accidental injury, and about a third of people aged over 65 will suffer at least one fall each year.



Individuals from the strength and balance class at Barnstaple, which has been running since 2010.

People in northern Devon are benefitting from weekly strength and balance classes in Holsworthy and Torrington as well as Barnstaple, Bideford, Ilfracombe, Lynton and South Molton.

Patient feedback has been overwhelmingly positive since the classes were first introduced three years ago.

The results of a 12-month audit, released this week, show that 87% of patients felt their balance had improved while 83% reported an increase in confidence as a result of taking part in the classes.

Some of the best results were seen at the Trust's newest service in Holsworthy and Torrington.

The local classes are specifically for patients who have fallen or are afraid of falling, with most referrals coming from inpatient and outpatient therapists or GPs.

The 12-week programme of exercises helps to prevent falls, while the Trust's therapy teams also give advice on how best to manage them when they do happen.

John Kilby, who has suffered four falls in the last 18 months and attended A&E each time, has just finished his series of 12 classes.

John said: "I feel stronger and balance-wise I'm better. I find the wobble board really helps. Everyone enjoys the class and it has certainly done me good."

Comments from Holsworthy and Torrington users

"I was very nervous and unsure on my first visit but feel I have made considerable improvement. The small number attending provided a friendly atmosphere and we all appeared to spur each other on. The exercises have helped to strengthen my muscles, which has further increased my confidence."

"This class has improved my life beyond belief. It has given me back my confidence, made me physically fitter and helped with my social life. I had given up walking any distance because of falling. I now walk better and have better balance and no fear of falling. I could not walk upstairs but now walk up and down with confidence. I had been unable to drive but am now driving again."

Torrington residents learn tai chi to boost mobility and balance

We launched an additional skill to the strength and balance classes in 2013. Patients attending strength and balance classes at Torrington Community Hospital are taught tai chi to boost their mobility and reduce their chances of falling.

The Chinese martial art now forms a key part of the weekly classes, which are mainly for patients who have fallen or are afraid of falling. The benefits of tai chi in preventing falls are well documented, with the emphasis on weight transference, balance, correct breathing and body alignment.

The form of tai chi the Torrington patients enjoy has been specially formulated for those with health problems and balance difficulties. It includes 18 postures which are easy to learn and a good fit for the patients' 12-week exercise programme.

All the patients learn floor recovery and are given talks on health-related topics during the 12-week class. The patients are encouraged to remain fit and active once the class has finished and are given information about other local classes and activities they could join.



Members of the strength and balance class at Torrington Community Hospital get to grips with tai chi. Pictured are (from left) Karly Short (clinical support worker), Betty Fudge, Barbara Edmonds, Jan Collins (technical instructor), Margaret Burston, Janet Parlour and Mary Clark.

Actor John Nettles opens nurses' station at Holsworthy

Actor John Nettles performed the official opening of the new nurses' station at Holsworthy Hospital.

The nurses' station, which cost £17,000, was made by local carpenter Trevor Abbott and funded by the League of Friends of Holsworthy Hospital.



John Nettles opens the nurses' station alongside (from left) ward manager Gill Piper, Jacqui Bewes, League of Friends chairman John Allen, Linda Gill, Mary Osborne, staff nurse Terri Brearley, Trevor Abbott, sister Sally Bayley and League of Friends secretary Sylvia Harris. Photo courtesy of Dawn Bewes.

Mr Nettles, who starred in *Bergerac* and *Midsomer Murders*, told onlookers it was a pleasure to perform the opening. He said he had good reason to be grateful to the hospital for the loving care his mother-in-law had received during her final days.

Ward manager Gill Piper said the nurses' station provided a better, more spacious reception area with greater privacy. Guests were treated to a Devon cream tea and could see a display of photos showing the progress of the station through its construction.

North Devon

Tyrrell Hospital holds open day

Visitors to an open day at Tyrrell Hospital in Ilfracombe were able to learn more about local NHS services and the fundraising work of the town's League of Friends.

Trust staff were on hand to offer blood pressure checks and tell visitors about the local clinics and services on offer. The event helped to raise awareness of healthy lifestyles, free stop smoking clinics, strength and balance classes and the local befriending scheme to support elderly and vulnerable people, as well as the Trust's work in the community and with residential homes.

The open day, which raised about £700, featured a display of some of the equipment the League of Friends has purchased over the years.

Out-of-hours nursing team boosted by new home and fleeces

The out-of-hours community nursing team in North Devon is enjoying a new lease of life.

The nurses have a new permanent base at North Devon District Hospital as well as team fleeces donated by the League of Friends.



Members of the out-of-hours community nursing team are pictured wearing their fleeces in front of their new base at NDDH, with representatives of the League of Friends.

The staff were originally based out of two sites – the hospitals at Bideford and Ilfracombe – before relocating to NDDH in 2010 and becoming one northern team.

Community hospitals celebrate 25th anniversaries

The public and former staff attended a celebration event to mark the 25th anniversary of South Molton Community Hospital. Visitors were able to reminisce over a display of photos spanning the last 25 years and find out more about the services the hospital offers today.

The League of Friends showcased its extensive fundraising work over the years, while there was also Trust membership and Chemotherapy Appeal stands.

Julia Glover, matron, said: "The event gave everyone a great chance to share their memories of the hospital over the past 25 years." A special anniversary cake was cut by Mary Moore MBE, president of the League of Friends.

Mary was instrumental in the addition of the outpatients department in 1997 and the launch of the satellite kidney unit.

Patients were transferred from the former cottage hospital in West Street to the new site in Widgery Drive in July 1988, to coincide with the 40th anniversary of the NHS. The new £1.8million hospital was officially opened by Edwina Currie, the Junior Health Minister at the time, on Saturday 29 October 1988.

The former hospital was sold to the Abbeyfield Society and became a sheltered home for the elderly.

The new hospital houses the Hugh Squier inpatient ward and a number of outpatient clinics, including cardiology, podiatry, audiology, ophthalmology, occupational therapy and general surgery.



Celebrating the 25th anniversary of South Molton Community Hospital are (from left) Sarah Elworthy (hotel services assistant), Linda Dowson (healthcare assistant), Naomi Boyles (administration assistant), Paula Frost (administration manager), Margaret Hutchings (committee member, League of Friends), Dave Goodman (vice-chairman, League of Friends) and Janet Ford (staff nurse).

Tiverton and Culm Valley

Handovers help to dramatically reduce number of pressure ulcers

The Culm Valley community nursing team serves a population of 36,000 across 240 square miles and have 629 patients on their current caseload.

One of its three teams, the Cullompton team, carried out over 20,000 visits to patients in their homes in 2013 and currently has about 450 people on its caseload.

The team started to hold a short staff meeting each lunchtime to share knowledge and information about patients who are of concern, as well as view photos taken on the staff's hand-held mobile CompAS (Community Patient Administration System) devices.

The meeting, called a patient handover, is formal, structured, has a designated chair, is free from interruptions and takes 10 to 20 minutes.

The team, based at the Culm Valley Integrated Centre for Health, sees about 80 patients each day and key action points from the previous 24 hours' work are raised. The handovers are helping the team to provide safe, timely, proactive, continuous patient-centred care.

The most notable evidence is the dramatic reduction in the number of patients having grade 3 or 4 pressure ulcers.

As of early March 2014, no pressure ulcers had been reported in over four months.

Respiratory patients benefit from innovative new exercise class in Mid Devon

Patients with breathing difficulties benefitted from the launch of a new exercise class in Tiverton aimed at maintaining fitness levels and preventing admissions to hospital.

The hour-long sessions take place in the gym at Tiverton and District Hospital each Monday and Tuesday and are designed especially for people with respiratory conditions.

Patients use exercise bikes, weights, trampettes and other equipment in the hospital gym to boost their fitness and breathing. The classes, run by physiotherapists at the hospital, are believed to be one of the first of their kind in the country.

To join the class, patients must have been referred by their GP or respiratory nurse and completed a pulmonary rehabilitation course, which lasts for seven weeks and includes a mixture of exercise and education.

Honiton and Ottery St Mary

Older people's mental health services in Ottery and Honiton

The Trust's older people's mental health services fill the gap between dementia diagnosis and end of life care. We bring in partners and charities to enhance the service we offer to support people to live well with dementia, empowering the person to express how they feel about their diagnosis.

The service is located at Ottery St Mary Hospital and includes the Rowan day assessment centre and the Linden social day centre. The Trust also runs a similar service in Axminster.

All the necessary local health and social care services are wrapped around the individual and their carer – whether they are pre-diagnosis or after.

Staff recognised carer involvement as essential to this service and provided a parallel assessment of the carer to allow them to express their feelings and the burdens they may be encountering.

At the end of 12 weeks the individual and their carer receive a tailored plan and support. These allow the patient and their carer to live well and healthily with dementia. We know that this support has reduced unnecessary admissions to hospital and residential/nursing placements.

Feedback from the patients, cares and local GPS can be found in the box to the right.

Following the 12 weeks, the patients are invited to attend weekly sessions at the neighbouring Linden (Ottery St Mary) and Willow (Axminster) day centres. These sessions allow staff to check the health of the patient meaning we can detect changes in weight or physiology quickly and allow the carer some respite time.



Team leader Gaynor Appleby (sitting) is pictured with some of the individuals whose lives have been enhanced by the Rowan and Linden centres.

Feedback from carers:

"It was so welcoming that after we knew my wife had dementia we had your centre to provide the support and guidance of what to expect."

"I don't know where we would have been without you. Each time we had a crisis you listened and more importantly you responded."

"I cannot thank you enough for all you did for my wife and I. It felt like you were the only one who understood."

"Thank you so much for the constant reassurance that I was doing a great job of caring for my husband and the weekly diary of events he came home with because he could never remember his day with you!"

Feedback from local GPs and health and social care professionals

"The Rowan Centre provides tailored support for people with dementia. I worked closely with the Rowan Centre in supporting a gentleman in the late stages of his dementia. The 'just checking' system (telecare) they arranged and monitored provided peace of mind and helped to gain a better picture of his needs and how to support him."

"The centre took the time to get to know the gentleman. It provided a safe and comfortable environment. Without this support he might not have been able to remain living safely in the community for as long as he did."

"Invaluable service offering assessment and social interaction for people with dementia. They work closely with the relatives to provide the education and support needed to enable them to gain a better understanding of the different elements of dementia and how it impacts on both patient and family."

Ottery hospital becomes more 'dementia friendly' with £135,000 revamp

In 2014, building work was completed in a £135,000 project to make Ottery St Mary Hospital more 'dementia friendly'.

The Rowan and Linden centres were specially adapted to create a modern environment suited to the needs of older people with dementia.

The centres offer a health day assessment and a social day care service. They have a new kitchen, dining room, arts and crafts area and toilet block, and specialist flooring and lighting was also installed.

We are grateful to the Ottery St Mary and District Hospital League of Friends who funded the refurbishment.

Geraldine Benson, health and social care manager, said: "This major upgrade will make a real and lasting difference, enabling us to provide a more supportive environment for people with dementia to remain living independently in their own homes for longer."

Adrian Rutter, League of Friends chairman, said: "Thanks to the generous financial support of all the local people who care very deeply about our Ottery St Mary Hospital, we are delighted to be able to provide the money to pay for such a useful and much-needed facility for older people."

"Our hospital is now very different to what it was when it was established over 100 years ago, but it's still a vital part of our community and we're very appreciative of all the work the health and social care professionals at Ottery hospital do for us."

"Funding the refurbishment project is a practical demonstration of our appreciation."



Ruth Wright (front), one of the longest-serving members of the League of Friends, starts the work on the £135,000 building project at Ottery St Mary. Also pictured are Gaynor Appleby, manager of the Rowan and Linden centres, and Karl Thomas from building contractor Hodges, Bridle and Co Ltd.

Ottery schoolchildren happy to become 'Dementia Friends'

Students from The King's School signed up as 'Dementia Friends' during their project week visit to Ottery St Mary Hospital in January 2014. A total of 14 students spent a day with staff and individuals at the Rowan and Linden centres.

Team leader Gaynor Appleby gave a training session on Dementia Friends, a national initiative run by the Alzheimer's Society and funded by the Department of Health. The scheme aims to give people of all ages an understanding of dementia and the small things they can do that can make a difference to those living with the condition.

Gaynor said it was 'an inspirational day' and added: "As part of the Dementia Friends session the children were encouraged to action a way they could help someone."



Students, individuals and staff at the Rowan and Linden centres at Ottery St Mary are pictured at the end of the project week event.

"Most of the children said they would like to come down to the centre regularly and they also chose to spread the word and 'liked' the Dementia Friends page on Facebook."

The students worked with seven service users to design a poster featuring the individuals' hand prints and detailed information about their lives. As part of the Living History Project, the students presented their posters to the individual at the end of the day.

Return of fete 'a huge success' at Honiton

The Honiton Hospital Summer Fete made a welcome return to the town's calendar of events after an absence of several years. The fete was organised by the League of Friends, led by new chairman Heather Penwarden with her committee and volunteers.

"Despite the slightly unseasonal weather the rain held off for the afternoon and the town came out to support the event," said Heather, who described the day as 'a huge success'.

The event was opened by longstanding hospital supporter Owen Tratt, assisted by Honiton town crier Dave Retter.

Hospital matron Mickie Dicks said: "It was a great revival of a long-lost tradition with a proper community feel – music, sunshine, skittles, bouncy castle, face-painting, game stall, cake and ice creams along with rather good cream teas!"

The League of Friends is this year looking to provide a wall-mounted TV set and radio with headphones for each bed on the hospital's medical ward.

Sidmouth, Axminster and Seaton

Over the past few years we have been working together to create a central point to health care services we provide. This latest phase incorporates an improved flow through the building for both patients and healthcare workers.

Sidmouth plans given green light

Plans to inject £1.2million into Sidmouth Hospital and transform it into a modern healthcare hub were given the go-ahead in 2013. The scheme represents the fifth and final phase of a 23-year-old programme which sees the 19th Century building transformed from a cottage hospital into a modern hub of health and social care, largely funded by its users.

The plans create a new physiotherapy department, rehabilitation unit and gym area as well as an improved front entrance, reception and waiting room at the hospital. Work started at the end of May 2013 and is expected to be complete by the summer of 2014.

The Comforts Fund – the hospital's League of Friends – is contributing £750,000 to the project while the Trust will provide an additional £200,000. The Comforts Fund has pledged to raise the remaining sum by 2015.

Comforts Fund chairman Graham Vincent said: "It's fantastic to have had the support of the local community. In 12 months we believe our hospital will be among the best community hospitals in the country."

He and the other trustees launched an appeal to raise more than £250,000 in the next year.



Judy Bashforth, vice-president of the Comforts Fund, marks the start of the next phase of work at the hospital. Photo courtesy of Terry Ife, Sidmouth Herald.

Integrated working to avoid hospital admissions

The integrated health and social care team in Sidmouth, Axminster and Seaton (SAS) includes a community matron. These matrons are highly experienced senior nurses, responsible for monitoring, treating and supporting people with complex needs and prevent hospital admissions where possible.

The team receive referrals from GPs, practice nurses, social care, RD&E and community hospitals.

The team is supported by two Rapid Response occupational therapists (OTs) who respond to admission avoidance referrals within two hours. One OT visits the GP practice mid-morning each day to pre-empt referrals that may come in later in the day.

The GP and OT then discuss whether to do a joint visit to the patient or if it is appropriate for the OT to complete on their own. Working this closely with the GPs helps the team provide a seamless service to patients and minimises inappropriate referrals.

The other OT's case load is those patients who need longer-term intervention such as rehabilitation or longer care packages.

Supporting the SAS health and social care team is a team of co-ordinators who are the first point of contact for all referrals. Based at the three hospitals to aid communication between the community inpatient and health and social care teams, the co-ordinators are central to enabling the right care to be quickly put in place to avoid admissions. They are also responsible for 'pulling' patients from both RD&E and community hospitals.

One of the co-ordinator's main roles is to organise each town's 'virtual ward' of patients on the community caseload, which work very successfully across all towns in eastern and northern Devon. Weekly meetings are held with community staff, representatives from the Devon Partnership NHS Trust, GP surgeries and the voluntary sector to discuss patients with complex needs or long-term conditions, usually where a joint agency response is needed.

The weekly meetings ensure assessment and care planning activity is in place for the individual and their carers. Between November 2013 and the end of February 2014, a total of 114 referrals were made to the admission avoidance service with only six resulting in hospital admission.

Healthy Communities Day at Seaton

Seaton Community Hospital celebrated its 25th anniversary by holding a Healthy Communities Day. The event featured a range of activities including stands and displays showcasing local NHS services, voluntary groups and private care providers.

Trust specialists, including physiotherapists and speech and language therapists, were on hand while nurses carried out blood pressure checks and other simple observations.

The event was supported by the League of Friends, Lions Club, Rotary Club, Royal British Legion, St John Ambulance, Age UK, RNIB, Devon and Cornwall Police, Devon Freewheelers. There was also a presentation to the Seaton Home Nursing Team, who won the Trust's 2013 Healthcare Hero awards.



Matron Emma Bagwell said: "We had a huge public response and so many positive and helpful comments. It was a wonderful way to mark 25 years here in Seaton." Building work on the hospital, in Valley View, started in 1987 and it was opened by the Duchess of Kent on 10 May 1988.

The event also gave us the opportunity to realise the wealth of support we have in Seaton and discussion around greater access and working together have begun.

Foot health is theme for falls awareness events

'Having healthy feet can reduce your chances of falling' was the message to older people at two awareness events in Seaton and Axminster.

The Axe Valley community rehabilitation team visited the Tesco stores in each town to explain to people what they can do to help prevent falls and improve later life. The events were held as part of Age UK's Falls Awareness Week. This year's theme was 'Best Foot Forward' and highlighted the importance of keeping your feet healthy in order to maintain mobility and independence.

Marianne Black, specialist nurse in community rehabilitation, said: "Few people are aware of the effect that problematic, painful feet and ill-fitting, unsupportive footwear have in relation to the likelihood of falling.

"As well as keeping feet in good shape, there are a whole range of simple things that can reduce the risk of a fall."

Woodbury, Exmouth and Budleigh Salterton

Hospital at Home welcomes 500th patient

An innovative service which cares for people in their own home rather than in a hospital has welcomed its 500th patient.

Margaret Cornish (pictured) was the 500th person to be admitted to Hospital at Home, which provides health and social care support for patients in East Devon.

The project, which was launched two years ago, sees nurses, physiotherapists, occupational therapists and social care workers visit people in their own homes in and around Exmouth, Budleigh Salterton and Woodbury.

Care can range from daily visits by the clinical team to more intensive input and overnight support.

It means patients can stay at home during their treatment and remain independent, while still receiving all the care they would on a conventional hospital ward.

Margaret, 82, fractured her hip after a fall and underwent an operation at Royal Devon and Exeter Hospital.

Thanks to Hospital at Home, she was able to leave hospital early and continue her rehabilitation at home in Exmouth.

She said: "Hospital at Home is marvellous for the patient. They do a really good job and helped me to be independent.

"You definitely get better at home. You're more secure, more with it. You can't beat the comforts at home."

The Hospital at Home team visited Margaret up to three times a day to support her and help to improve her mobility and stamina. She was given two walking frames while the team arranged for hand rails, a toilet seat and a shower chair to be fitted at her home. The team also organised social care so she could continue with her rehabilitation. Margaret's daughter-in-law and her carer, Angela said: "This service is brilliant. I never knew it existed beforehand."



Margaret Cornish, the 500th patient of Hospital at Home, is pictured with occupational therapist Amy Whitthorn.

Emerging Budleigh 'community hub'

The Trust, League of Friends and GPs from the North, East and West Devon Clinical Commissioning Group have supported discussions within the community about plans for a health and wellbeing community hub in Budleigh.

These discussions are progressing well and a blueprint for the services to be provided from Budleigh Hospital are in draft.

The League of Friends has pledged significant investment to the project, with the Trust also committing funds.

The Budleigh project group has come up with lots of great ideas of how best to use Budleigh hospital building. The next stage is to produce the criteria upon which any proposal will be scored or and the merits judged. The community will be fully engaged in this process.

The process will ultimately conclude with a business case, proposing the preferred and affordable option, which will be signed off by the Northern Devon Healthcare NHS Trust's Board.

Patient gives cake to Exmouth staff as thank you for "wonderful" care

Patient Patricia Lowes was so pleased with the 'wonderful treatment' she received at Exmouth Community Hospital that her husband Gerald brought in a cake to say thank you to the staff.

Patricia, a long-time patient who has now been discharged from Doris Heard Ward, said: "I had wonderful treatment at Exmouth hospital – not just physically but mentally too. The staff are a cracking lot and we loved to have a laugh. You expect going into hospital to be doom and gloom, but that wasn't the case at Exmouth."



Patient Patricia Lowes is pictured with the cake and staff at Exmouth Community Hospital.

Exeter and Crediton

One-stop therapy assessment clinics in Exeter

The community teams in Exeter support the 140,000+ residents, one sixth of whom are over the age of 65. The Trust provides a wide range of community health and social care services in Exeter, including:

- Community nursing teams support the city's 20 GP surgeries
- Community therapists who operate throughout the city and are based at Exeter Community Hospital and Mardon Neurological Centre
- Two social care teams who operate from County Hall and Sycamores Resource Centre
- The onward care team based at RD&E
- The cluster pharmacy team
- The Acute Community Team

The community therapy team has launched one-stop assessment clinics across Exeter.

Occupational therapists, physiotherapists and speech and language therapists work closely with a clinical psychologist from the Devon Partnership NHS Trust and enabling staff from the county council to provide a specialist, holistic approach to rehabilitation for adults with mainly neurological conditions.

The one-stop clinics enable the team to identify and focus on each patient's individual needs and set personalised goals, while they can provide immediate advice on coping strategies, exercise and more.

Since the clinics began, patients are assessed more quickly, the number of times they need to visit the unit to be seen by different professionals is reduced and they avoid having to repeat their stories and details.

The social care team now based at County Hall has also recently launched joint assessment clinics with the older people's mental health team. These are primarily for older people with dementia, but are open to any older person needing a mental health and social care assessment.

To complete the holistic service offering, the community nursing centre opened at Exeter Community Hospital in April 2014. The community nursing teams in Exeter identify patients who can receive a variety of services in timed appointments, including wound dressings, catheter changes and other maintenance issues.

Sarah earns medicines management title

Sarah Evans has become the first community-based pharmacy technician in the Trust to achieve the South West Medicines Management accreditation.

Sarah, a medicines management technician, worked hard to adapt the hospital-based training scheme to suit her role assisting patients in their own home in Exeter. She was supported in this by Sara Dilks, a colleague in the Exeter cluster pharmacy team.

The team consists of two medicines management technicians and three cluster pharmacists. They are part of the Exeter complex care teams and visit patients at home to talk to them about their medication and give advice. The team helps people to understand their medication and how best to take it, and works with GPs and local pharmacies to address any problems the patient might have.



The cluster pharmacy team in Exeter are (from left) Gillie Smith (medicines management technician), Kate Emblin (cluster pharmacist), Sarah Evans (medicines management technician), Ian Nash (cluster pharmacist) and Sara Dilks (cluster pharmacist).

Strategic Report

1. Objective of the Strategic Report

The Trust is required to present a Strategic Report in accordance with The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 and is similar in requirements to Operating and Financial Reviews prepared for previous financial years.

2. Trust Overview

Who we are

Northern Devon Healthcare NHS Trust provides a range of acute, community and pan-Devon specialist services and currently serves a population of 484,000 people (65% of the population of Devon) across 1,300 square miles.

The Trust will be making significant progress during the 2014/15 financial year with its application to become an NHS Foundation Trust.

The NHS has undergone many configuration changes and whilst hospital and community services have been provided for many decades. The organisation is currently a NHS Trust established under statute on 1 April 1991.

The Trust prepares annual accounts under Section 232 (Schedule 15, 3(1)) of the National Health Service Act 2006 as agreed with HM treasury.

The Trust currently offers both acute services, centred on North Devon District Hospital (NDDH) and community services, across a network of 17 community hospitals and nine clusters, spanning Torridge, North Devon, East Devon, Exeter, Mid Devon, Teignbridge and West Devon.

More information can be found in Section 1 of the Annual Report and Accounts and at www.northdevonhealth.nhs.uk.

3. Trust Governance and Board Level Changes

The Trust is directed by the Trust Board, which meets regularly to determine strategy and receive information from those managing day-to-day operations.

The Trust Board is led by a Chairman together with a team of five Non-Executive Directors and five Executive Directors. The Non-Executive Directors have a part-time role, providing experience and expertise, usually gained from working in organisations outside the NHS.

Non-Executive Directors

The Non-Executive Directors during the financial year were:

- Roger French – Chairman
- Jane Reynolds – Audit Committee Chairman*
- Nick Lewis*
- Pauline Geen*
- Chris Snow
- Tim Douglas-Riley

* Audit Committee member

The Trust experienced the following Non-Executive Director movements during the financial year:

- Sonia Davidson-Grant August 2013 resigned 28 February 2014

The Trust experienced the following Non-Executive Director movements after the financial year:

- Jane Reynolds resigned 31 May 2014
- Lesley Crawford appointed 1 July 2014
- Nick Lewis is the Audit Committee Chairman

Executive and Associate Directors

The Executive and Associate Directors are led by the Chief Executive and combine their role as board members with regular management responsibility.

The Executive Directors during the financial year were:

- Jac Kelly – Chief Executive
- Andy Robinson – Director of Finance and Performance **
- Dr Alison Diamond – Interim Medical Director
- Kate Lyons – Director of Operations
- Kevin Marsh – Director of Nursing

The Trust experienced the following Executive Director movements after the financial year:

- Jac Kelly resigned as Chief Executive 30 April 2014.
- Dr Alison Diamond appointed Chief Executive 1 May 2014
- Medical Director vacancy is subject to a recruitment process following the appointment of Dr Alison Diamond to Chief Executive
- Kate Lyons resigned as Director of Operations 30 June 2014
- Director of Operations recruitment process successfully completed July 2014

The Associate Directors during the financial year were:

- Maureen Bignell resigned as Director of Workforce and Organisational Development 19 January 2014
- Darryn Allcorn appointed Interim Director of Workforce and Organisational Development 1 January 2014
- Iain Roy – Director of Facilities
- Andy Ibbs - Commercial Director**

** Audit Committee attendee

Code of Conduct and Accountability

The Board has adopted Codes of Conduct and Accountability recommended by the NHS Executive. Audit, Risk, Clinical Governance and Remuneration and Terms of Service Committees and other sub-committees of the Board are well established.

Directors' Interests

Details of company directorships or other significant interests held by directors where those companies are likely to do business, or are possibly seeking to do business with the NHS where this may conflict with their managerial responsibilities are required to be disclosed in the Declaration of Members Interests. This is presented at each Board meeting and is updated as required.

The Declaration of Members Interests is available for inspection from the Trust Secretary, Munro House, North Devon District Hospital, Raleigh Park, Barnstaple, North Devon. EX31 4JB.

Statement as to Disclosure to Auditors

At the time this report is approved, as far as each director is concerned:

- The Director has taken all the steps expected of a Director to make themselves aware of any relevant audit information
- There is no relevant audit information of which the auditor is unaware

4. Vision, Values and Strategic Objectives

The Trust has at its core a vision that delivers local integrated services that supports people to live healthily and independently as possible within their local community.

There are many examples illustrating this vision within the Annual Report.

Our values are core in delivering our vision and strategic objectives to provide the best services to meet the needs of our population.

This will ensure that we are best placed to manage the increase in demand for hospital services from older people over the next five years through the provision of safe, quality integrated services supported by strong financial management.



In the future this will mean that more patients will be treated at home, with the consequence that those treated in hospital will be more complex than is currently the case.

5. Trust Operational Performance

The NHS Constitution sets out a number of expectations, pledges and responsibilities on the Trust as well as patients regarding NHS services that is available at www.gov.uk/government/publications/the-nhs-constitution-for-england.

In addition the Trust reports operational performance indicators regularly to the Board and can be found in our Board Papers at www.northdevonhealth.nhs.uk/about/trust-board.

6. Financial Performance and Accounts

Financial Targets

There are a number of targets set by the Department of Health and the Trust's 2013/14 performance against these targets is shown below:

Target	Actual Performance
To break even on income and expenditure taking one year with another	In year surplus of £2,240k before impairments achieved the Statutory duty.
To achieve a capital cost absorption rate of 3.5%	Rate of 3.5% achieved.
To operate within a Capital Resource Limit.	£34k under spend against target.
To pay 95% of non-NHS invoices within 30 days	96% of bills paid within target (volume). 97% of bills paid within target (value).

International Financial Reporting Standards

The Accounts for 2013/14 have been prepared in accordance with International Financial Reporting Standards.

2013/14 is the fifth year that the Trust has had to prepare its accounts and report financial performance under International Financial Reporting Standards (IFRS). Whilst this has not materially affected the Trust's underlying financial position, there is one fundamental change that continues to require clarification.

Under IFRS, the Trust is required to include a technical accounting adjustment for Impairments within the Statement of Comprehensive Income.

Impairments relate to the IFRS requirement to revalue assets to Modern Equivalent Asset Valuation.

Impairments are elements of capital expenditure that is incurred but does not add to the value of the asset.

Where an insufficient revaluation reserve balance exists for that asset, the remainder is charged to the Statement of Comprehensive Income.

The Impairment charge for the year is £1,340,000 as detailed in Note 8 (page 92) of the accounts. This has no impact on the Trust's liquidity as it is a non-cash item.

The Trust has a statutory financial duty to break even. The table below is an extract from the Financial Performance Targets contained in note 43.1 on page 119 of the accounts:

Note 43.1	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Retained surplus/ (deficit) for the year	(5,086)	(93)	(5,724)	(1,052)	1,141
Adjustment for Impairments and donated assets	5,086	345	7,443	3,257	1,099
Break Even in-year Position	0	252	1,719	2,205	2,240

Where our money comes from

The majority of the Trust's funding comes from contracts to provide Patient Services with Clinical Commissioning Groups (CCGs), NHS England and Devon County Council who purchase a range of healthcare services on behalf of their residents.

Total income received by the Trust in 2012/13 was £225.8 million (£220.7m 2011/12), a 2.3% increase on the previous year.

The source of each pound the Trust receives, together with the monetary equivalent of total income is summarised below:

Source:	2012/13 £m	2012/13 £m	2013/14 £m	2013/14 £m
NHS Commissioners	£0.91	201,946	£0.90	203,636
Non NHS Commissioners	£0.03	5,888	£0.04	9,601
Total Income from Patient Care	£0.94	207,834	£0.94	213,237
Education, Training & Research	£0.02	4,582	£0.02	3,588
Services to Other NHS Bodies	£0.02	3,658	£0.02	4,346
Other Income	£0.02	4,606	£0.02	4,616
Total Other Operating Income	£0.06	12,846	£0.06	12,550
Total Income	£1.00	220,680	£1.00	225,787

What we spend money on

The largest component of our expenditure is on salaries and wages. The Trust employed an average of 3,902 whole time equivalent staff (3,779 2012/13) at an overall cost of £150.6 million (£146.0 million 2012/13).

Average staff numbers are detailed on page 94 of the accounts and included 291 doctors (284 2012/13), 1,221 nursing staff (1,162 2012/13), 1,203 Healthcare Assistants and support staff (1,168 2012/13), 646 administration and estates staff (644 2012/13), and 540 scientific and technical and other staff (521 2012/13) and 2 Ambulance staff (0 2012/13).

A further £29.1 million (£27.3 million 2012/13) was spent on clinical supplies such as drugs and consumables used in providing healthcare to patients.

The cost of running the premises and equipment amounts to £14.9 million (£19.7 million 2012/13) and general supplies and services which support the Trust's infrastructure cost £6.9 million (£7.0 million 2012/13).

The consumption of each pound the Trust spends, together with the monetary equivalent of total expenditure is summarised below:

Source:	Monetary Equivalent £m		Monetary Equivalent £m	
	2012/13	2012/13	2013/14	2013/14
Staff Pay (inc. Management)	£0.66	146,009	£0.68	150,605
Drugs & Clinical Supplies	£0.13	27,301	£0.13	29,126
Premises & Equipment	£0.09	19,742	£0.07	14,870
General Supplies & Services	£0.03	7,034	£0.03	6,929
Depreciation	£0.04	8,516	£0.05	9,779
Services from Other NHS Bodies	£0.03	6,381	£0.02	5,387
Other Expenses	£0.02	4,928	£0.02	5,006
Total	£1.00	219,911	£1.00	221,702

Savings and Efficiency

The ability of the Trust to deliver the full value of its savings programme has been severely affected by:

- Activity increases as a consequence of increased referrals to the Trust
- Impact of Emergency admissions

This variability in demand above the initial agreed contract activity plan affected the ability of the Trust to realise the productivity and efficiency opportunities in a planned way.

The Trust had a financial savings target for the year of £11.9million that was achieved.

Cost reduction plans are subject to a Quality Impact Assessment undertaken by the Medical Director and Director of Nursing to ensure that patient safety, clinical effective and quality of care are not compromised.

The Trust has a Continuous Improvement Plan Steering Group that reports to the Executive Directors Group and oversees the delivery of the savings programme.

The performance of savings and efficiency plans achieved during the year continued to be reported regularly to the Trust Board and Finance Committee.

Better Payment Practice Code

Section 6 identifies a statutory requirement to pay 95% of non-NHS invoices within 30 days and details the Trust's performance against this.

The Confederation of British Industry (CBI) "Better Payments Practice Code" is a 4 point code that organisations should adopt to ensure prompt payment to suppliers. The points are:

1. Agree payment terms at the outset
2. Explain payment procedures to suppliers
3. Pay bills in accordance with the contract or legislation
4. Prompt communication of disputed invoices

Under the Late Payment of Commercial Debts (Interest) Act, all businesses are entitled to claim statutory interest and debt recovery compensation for the late payment of commercial debts.

Further details as provided on page 97 of the accounts.

Actions taken by the Trust to improve the time taken to pay suppliers includes:

- Review of processes to minimise delays
- Improve the process for receipting goods
- Review the frequency of payment runs
- Daily cash management with a focus on debtor management

Trust Accounts

The Trust's accounts are audited annually by Grant Thornton UK LLP, Hartwell House, 55-61 Victoria Street, Bristol. BS1 6FT. The fee for this work is detailed in Note 8 (page 98) of the accounts.

A copy of the accounts is available from Kate Winter, PA to the Director of Finance, Level 5, North Devon District Hospital, Raleigh Park, Barnstaple, Devon, EX31 4JB.

Alternatively they are available for download from our website at www.northdevonhealth.nhs.uk

Going Concern

Going Concern is an accounting principle that determines the basis for the preparation methodology of the Trust's accounts following a review of the assumptions supporting the position that the Trust will continue to 'trade' into the future.

Following a review of the financial year and evidence provided against a Financial Reporting Council framework, the Board has approved the recommendation that 'there were no material issues and that the Trust was a Going Concern'.

This was supported by the Audit and Assurance Committee at the date the accounts were approved.

7. Financial Outlook

The current economic climate remains challenging to all public sector bodies as the level of funding reduces from historic levels.

In particular, the Devon health economy has been identified as 'Financially Challenged' and is currently receiving intensive support to develop sustainable solutions that, once known, are likely to impact on the Trust.

We will continue to be a proactive contributor in the process.

8. Foundation Trust Status

NHS Foundation Trusts remain part of the NHS but are free from central government control. Within clearly defined guidelines, an NHS Foundation Trust can raise capital funding and external borrowing and determine the services they wish to provide.

As part of that process we will be subject to Hospital Inspection in July 2014 that will allow us to progress our application.

The current contract for 2014/15 together with support from NHS Devon CCG for a hospital in North Devon serving the needs of the local population means the Trust will be submitting its Integrated Business Plan and Long Term Financial Model and expects to achieve NHS Foundation Trust status during the 2014/15 financial year.

9. Sustainability Statement

The Northern Devon Healthcare NHS Trust views the efficient use of its resources as a key indicator of its ability to reduce costs and environmental impact.

As one of the largest employers in Devon, the Trust is aware that through its business of providing healthcare to an area of 1,300 square miles its operating protocols can have a big environmental impact on local resources. The NHS Good Corporate Citizen guide identifies six areas that Trusts should focus on. These include:-

Energy

The Trust's annual energy budget remains a priority area and has demonstrated a reduction in utility consumption that brings the Trust in line with the best performers in the UK.

During 2014/15 the Trust will be planning a range of Energy Performance initiatives with a partner to deliver long-term reductions in energy consumption.

Waste

The Trust continues a proactive approach to efficient segregation and increased recycling to reduce waste volumes and remains compliant with legislation.

Healthy Travel

The Trust continues to promote healthy travel within its workforce by advertising public transport access, encouraging more people to use public transport and encourages lift sharing.

The Trust offers access to the cycle to work scheme and provides onsite changing facilities at all sites for those wishing to participate.

The Trust has continued its partnership with Enterprise car rentals in order to gain access to and utilise a newer, more efficient car fleet for business mileage.

Procurement

The Trust's Procurement department drives the sustainable approach the Trust has with its suppliers to ensure packaging is reduced, local resources accessed and consideration given to the environmental impact of goods in their purchase, use and final disposal.

The Trust uses the NHS Supply Chain for its consumable purchases in order to benefit from a one vehicle delivery.

Estate development

All developments are specified to use sustainable products and energy efficiencies that meet Department of Health benchmarks to ensure that the properties within the estate are fit for purpose and support the delivery of a modern healthcare service.

Workforce

The Trust is actively involved in the continual improvement of the working environment and facilities for its workforce. From a sustainability perspective the Trust ensures there is a continual monitoring of the work environment and facilities through the use of staff surveys and feedback.

10. Emergency Preparedness, Resilience and Response

The Trust's Director of Operations has strategic responsibility for emergency preparedness, resilience and response across the Trust and for providing assurance to Trust Board that the organisation meets its statutory and legal requirements. The Director is supported by an operational lead responsibility for emergency preparedness, resilience and response.

Major Incident Plan

The Trust regularly reviews and updates its Major Incident Plan and publishes it on its Intranet. The plan fully complies with national guidance for emergency preparedness, resilience and response. This ensures that should a major incident occur that requires a response from healthcare organisations, the Trust has the necessary systems and processes in place for staff to take appropriate action.

The Civil Contingencies Act (2004) ensures that the United Kingdom is prepared to deal with major disruptive challenges however they might occur. Under the Act, the Trust is classed as a Category 1 responder with responsibilities including:

- Assessment of the risks of an emergency occurring and using this to inform contingency planning
- Put emergency plans in place
- Have business continuity arrangements in place
- Put in place arrangements to make information available to the public and maintain arrangements to warn, inform and advise the public in the event of an emergency
- Share information with other local responders to enhance co-ordination
- Co-operate with other local responders to enhance co-ordination and efficiency

Working closely with our partners and other stakeholders is fundamental to the Trust's ability to respond to a major incident and maintain business continuity of core services and critical functions. The Trust is a member of the Devon, Cornwall and Isles of Scilly Local Resilience Forum. The forum which is hosted by Devon and Cornwall Police enables Category 1 and 2 emergency responders and specific supporting agencies to consult, collaborate and disclose information with each other to facilitate planning and response to emergencies, and produce a Community Risk Register.

Business Continuity

NHS organisations and providers of NHS funded care must have suitable, up to date, plans which set out how they will:

- Maintain continuous service when faced with disruption from identified local risks

- Resume key services which have been disrupted by, for example, severe weather, IT failure, an infectious disease, a fuel shortage or industrial action

The Trust's Business Continuity Strategy was approved by the Trust Board in May 2012. A Business Impact Analysis was completed and all Trust core services and supporting critical functions were identified. Operational leads identified a number of risks to the delivery of these and business continuity (contingency) plans have been under development.

Business Continuity planning is supported by the Trust's capacity and escalation plan which is reviewed on an annual basis.

Annual Governance Statement

1. Scope of Responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding quality and corporate standards, as well as the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

With regard to the accountability arrangements for the Trust, the following routine meetings are attended by the Chief Executive and/or Executive Directors:

Internal Reporting –

- Weekly Executive Directors Group meetings
- Monthly performance meetings with the Director of Finance and Performance and the Director of Operations with Divisional General Managers
- Monthly Finance Committee meetings
- Monthly Clinical Services Executive Committee meetings
- Monthly Heads of Department meetings
- Monthly Risk Management Committee meetings
- Bi-monthly Audit & Assurance Committee meetings
- Bi-monthly Quality Assurance Committee meetings
- Bi-monthly Workforce and Organisational Development Committee meetings
- Board meetings, at least six times a year

Stakeholder Reporting -

- Attendance at the Northern and Eastern Devon Clinical Commissioning Group meetings when required
- Attendance at the LINKs meetings and the Overview and Scrutiny Committee when required
- Additionally, the Trust Executive Team have attended Devon Health Community meetings when they have been convened

Networking Meetings -

- Chief Executive Director and Chairman
- Director of Finance
- Medical Director
- Director of Nursing
- Director of Workforce
- League of Friends

Agency Meetings -

- South West Peninsula Academic Health Science Network

2. The Governance Framework of the Organisation

2.1 Board Composition

During 2013/14, the membership of the Trust Board changed. In May 2013, Tim Douglas-Riley was appointed as a Non-Executive Director. He had previously been an Associate Non-Executive Director at the Trust since July 2012.

In December 2013, Carolyn Mills, Director of Nursing, left the Trust to take up another post. Kevin Marsh joined the Trust as the Interim Director of Nursing in March 2014. He was subsequently appointed as the Director of Nursing in May 2014.

The Board membership at 31 March 2014 is shown in Table 1.

Table 1 – Board membership at 31 March 2014

Name	Role
NON-EXECUTIVE DIRECTORS	
Roger French	Chairman
Tim Douglas-Riley	Non-Executive Director
Pauline Geen	Non-Executive Director
Nick Lewis	Non-Executive Director
Jane Reynolds	Non-Executive Director
Chris Snow	Non-Executive Director
EXECUTIVE DIRECTORS	
Jac Kelly	Chief Executive
Alison Diamond	Medical Director
Kate Lyons	Director of Operations
Kevin Marsh	Interim Director of Nursing
Andy Robinson	Director of Finance & Performance

In August 2013, a Designate Non-Executive Director with a business background was appointed in order to reflect best practice. A Designate Non-Executive Director attends Board and is a member of some of the sub-committees of the Board meetings but does not have voting rights. The Designate Non-Executive Director resigned in February 2014.

Board meetings are attended by the Director of Workforce & Organisational Development, Director of Facilities, Commercial Director and the Trust Secretary. The Associate Director of Health & Social Care also attends formal Board meetings to reflect the Trust's provision of adult community services.

2.2 Board Committee Structure

During 2013/14, the Trust Board reviewed the Board's committee structure. In May 2013, the Workforce & Organisational Development Committee was established as a new sub-committee of the Board. Its purpose is to provide advice and assurance to the Board on all matters relating to the workforce and organisational development.

In 2013/14, the sub-committees of the Trust Board comprised:

- Audit & Assurance Committee
- Charitable Funds Committee
- Finance Committee
- Quality Assurance Committee
- Remuneration and Terms of Service Committee
- Workforce and Organisational Development Committee

Membership of each sub-committee includes Non-Executive and Executive Directors, as well as other staff who may be full members, act as specialist advisers or be in attendance. Each sub-committee is chaired by a Non-Executive Director. The Terms of Reference and membership of the sub-committees are reviewed on an annual basis and, following approval by the relevant sub-committee, are presented to the Board for ratification.

Attendance by Board members at the relevant Board sub-committees is shown in Appendix 1.

2.3 Trust Board Meetings

In 2013/14, the Trust Board met six times in public. Each meeting was quorate and attendance of the members of the Trust Board is shown in Table 2 below.

Table 2 – Board attendance 2013/14

Name	28 May	23 Jul	24 Sep	26 Nov	28 Jan	25 Mar	Attendance
NON-EXECUTIVE DIRECTORS							
Tim Douglas-Riley	X	X	X	X	X	--	5/6 83%
Roger French	X	X	X	X	X	X	6/6 100%
Pauline Geen	--	X	X	X	X	X	5/6 83%
Nick Lewis	X	X	X	X	X	X	6/6 100%
Jane Reynolds	X	X	X	X	X	X	6/6 100%
Chris Snow	X	X	X	X	X	--	5/6 83%
EXECUTIVE DIRECTORS							
Alison Diamond	X	X	--	X	X	X	5/6 83%
Jac Kelly	X	X	X	X	X	X	6/6 100%
Kate Lyons	X	--	X	X	X	X	5/6 83%
Kevin Marsh ²	n/a	n/a	n/a	n/a	n/a	X	3/5 60%
Carolyn Mills ¹	X	X	--	--	n/a	n/a	
Andy Robinson	--	X	--	X	X	X	4/6 67%

Notes:

1. Carolyn Mills, Director of Nursing, left the Trust in December 2013.
2. Kevin Marsh joined the Trust in March 2014 as Interim Director of Nursing.

Throughout the year, the agenda for the Board meetings was reviewed to ensure that the Board considered:

- Quality issues at the top of the agenda;
- Patient stories to provide the Board with direct feedback on patients' experience;
- Emerging issues as potential risks or opportunities to the organisation;
- The balance between strategic issues and operational detail;
- Reports that required the whole Board's input and/or decision rather than reports that had already been discussed and/or agreed at the sub-committee level; and
- Questions from the public at the end of the Open Board meeting.

The Board agenda will continue to be kept under review.

The function of the Board Briefing Programme has been reviewed to ensure the Board has sufficient opportunity to discuss and consider the business details to support the informed decision-making process of the Board. The Programme includes four Board Strategy and Development Days a year. In addition, a process for disseminating Flash Reports to Board members between Board meetings ensures information is shared between Board members in a timely way.

2.4 Highlights of Board Reports 2013-14

This section sets out the highlights of the work covered by the Trust Board. Other examples of the Board's work is described in other sections, in particular sections 2.9 and 5.2.

Significant Issues Raised:

Patient stories

The Board received a patient story at each meeting to highlight patient and carer's voices which together with patient satisfaction surveys and other patient feedback routes support the momentum for change. The Patient Stories are also presented to the Learning from Patient Experience Group and the Quality Assurance Committee and shared with local teams.

On two occasions, the patient and/or family members were invited to present their story at the Board meeting.

Dementia Friends

At a Board Strategy & Development Day, the Board attended Dementia Friends training, which is an Alzheimer's Society initiative about giving people an understanding of dementia and the little things that can make a difference to people living with dementia. Members of the Board signed up to be Dementia Friends.

National Patient Survey 2012 and 2013

The Board received the findings of the National Patient Survey which is an annual survey that all acute Trusts must participate in. The Board noted that the Trust's overall performance was excellent. Where improvements could be made, an action plan had been implemented which will be monitored through the Learning from Patient Experience Group, which in turn reports through to the Quality Assurance Committee.

Hospital Standardised Mortality Ratios

The Board was presented with a number of updates and briefings on the Hospital Standardised Mortality ratios. Improvements have been made due to better practice and a significant amount of work undertaken to review patients with co-morbidities. The figures have maintained good performance throughout the year.

Electronic Healthcare Record

The Board noted the SmartCare Collaborative Business Case approval from the Treasury and agreed the terms of reference for the SmartCare Collaborative Procurement Steering Committee. The Board had previously approved the proposal to join a consortium with Gloucestershire Hospital NHS Foundation Trust and Yeovil District Hospital NHS Trust in order to introduce an Electronic Healthcare Record which will underpin the quality and safety of the organisation's service.

Health & Social Care tests of change

Quarterly updates were provided to the Board detailing the work that had been undertaken throughout the year in partnership with commissioners, communities and the voluntary sector to implement change in order to optimise the Re-ablement Section 256 funds. The Tests of Change initiatives had been tailored to local conditions. They had provided an opportunity to improve outcomes for patients and those cared for in the community through investment and the re-design of services.

Annual Reports

The Board received a number of annual reports throughout the year, including:

- Safeguarding Adults Annual report 2012/13
- Safeguarding Children Annual Report 2012
- Patient Safety Annual Report 2012/13
- Customer Relations Annual Performance Report 2013/13
- Charitable Funds Annual Report 2012/13

Key Risks Identified:

Human Factors training

Following discussion at the Quality Assurance Committee, the Board was advised that an ongoing theme of non-compliance with Trust policies and procedures had been identified from the serious incident investigations. However, Human Factors training is being provided to teams. Human Factors training encompasses all the factors that can influence people and their behaviour and enables staff to understand why things do not work correctly and why errors are made and to find solutions to improve working practices.

The Human Factors training has been rolled-out across the Trust and was presented to the Trust Board at a Board Briefing session. It has had a significant impact on staff and their behaviours. The next steps are to develop a team approach and to include all clinical staff, including doctors. This should support changes to the organisation's patient safety culture and compliance with the Trust's procedural documents.

Electronic Healthcare Record project

The Board have received regular updates on the progress of the Project. They were assured that robust project governance arrangements were in place. The Board noted that several stages need to be implemented before the Trust would be ready to switch over in 2015. This is a significant business investment and the Board recognised that a significant amount of work will be required to support the cultural change required from the Trust's staff to make full use of the system.

Annual Audit Letter 2012/13

The Board received the Annual Audit Letter which sets out the key findings arising from the work of the external auditors. An unqualified opinion was provided on the Trust's accounts. The external auditors provided a limited assurance on the Quality Account 2012/13 as they were not able to confirm the calculation of the indicator of the percentage of patients re-admitted within 28 days.

Urgent and emergency care

National guidance was published to support Accident & Emergency departments meet demand and tackle waiting times pressures. Organisations within local health communities are required to form Urgent Care Boards to ensure local recovery and improvement plans are in place for each Accident & Emergency department.

Capacity Plan 2013/14

The Board approved the Capacity Plan which was risk-rated as a high score of 16 given the trend in emergency admissions and Emergency Department attendances. There was also a high score risk of non-delivery of the Capacity Plan in the absence of agreement with the Northern, Eastern & Western Devon Clinical Commissioning Group regarding the use of the 70% emergency admissions tariff and winter funding.

Contract negotiations 2013/14

The Board was kept fully informed on the progress of the contract negotiations and arbitration with the Northern, Eastern & Western Clinical Commissioning Group. Updates were also provided to the Trust Board.

Financial reports

The Board received regular reports on the Trust's financial position and the progress of the internal Continuous Improvement Plans and the joint Continuous Improvement Plans with the Northern, Eastern & Western Devon Clinical Commissioning Group.

Key Decisions Taken:

Vision and strategic objectives

The Board reviewed and approved the organisation's Vision and Strategic Objectives.

Serious incident investigation reports

The Board ratified 32 serious incident investigation reports, which had previously been approved by the Quality Assurance Committee.

Deputy Accountable Officer for controlled drugs

The Board approved the appointment of the Associate Medical Director for Medicines Management and Appraisal to the role of Deputy Accountable Officer for Controlled Drugs. The role provides cover for the Medical Director as Accountable Officer in their absence to ensure the safe and effective use and management of controlled drugs within the organisation and by anybody providing services to the organisation.

Quality Account 2012/13

The Board approved the Quality Account 2012/13 which is published on an annual basis and forms part of the Trust's quality improvement strategy. The Board noted that significant progress had been made against all but two of the 2012/13 priorities, i.e. reduction in the incidence of pressure ulcers and reduction in the number of missed doses of high-risk medication. These two areas of improvement had been included in the priorities for 2013/14.

Emergency Preparedness, Response and Resilience Board assurance statement

The Board received a Board Briefing session on Emergency Preparedness, Response & Resilience and received a routine quarterly report. The Trust completed two self-assessments against the core standards which were reviewed by external organisations. An action plan was implemented to ensure the Trust was fully compliant with the core standards by April 2014. Following discussion, the Board approved the Statement of Compliance and the supporting action plan.

Annual Governance Statement 2012/13

The Board approved the Statement following discussion at a Board Briefing session and a number of amendments requested by the Board.

Annual Report 2012/13

The Board approved the Annual Report 2012/13.

Charitable Funds Annual Report 2012/13

The Board approved the Annual Report and noted that it covered the charitable funds for the Northern area only. In future years, the Annual Report will include the Eastern Charitable Funds.

Supporting strategies

The Board approved or ratified a number of strategies throughout the year, including:

- Workforce & Organisational Development Strategy 2013-18
- Dementia Strategy 2013-15
- Fundraising & Charitable Funds Strategy 2013-16
- Corporate Communications Strategy 2013-16
- Equality & Diversity Strategy
- Charitable Funds Strategy

Enabling policies

The Board approved or ratified a number of policies throughout the year, including:

- Business Continuity Policy

Tenders

The Board approved or ratified a number of tenders, including:

- Single Quote Approval for Maintenance Agreement
- Single Tender Approval for Recruitment of Overseas Nurses

Business Cases

- The Charitable Funds Trustees approved Chemotherapy Unit Full business case to be funded from Charitable Funds.
- The Board approved the business case for the implementation of bed reconfiguration at North Devon District Hospital, in conjunction with a revised nursing and midwifery skill mix and establishment to meet best practice for providing safe staffing levels.

2.5 Highlights of Board Sub-Committee Reports 2013-14

An annual committee compliance report for each sub-committee is published which details the sub-committee's activity, routine business and main issues covered, areas of development and members' attendance. The annual committee compliance report is presented to the relevant sub-committee for approval before ratification by the Board.

A summary of the highlights and main areas of development undertaken by each of the sub-committees to improve the sub-committee's effectiveness and to enhance the assurance process is set out below.

Audit & Assurance Committee

The purpose of the Audit & Assurance Committee is to review the establishment and maintenance of an effective system of internal control and risk management and to provide independent assurance for the Board.

Significant Issues Raised:

Head of Internal Audit Opinion

The Committee received the Opinion of "Significant Assurance" on the effectiveness of the Trust's system of internal control from the Head of Internal Audit.

External Audit Plan 2013/14

The Committee noted the External Audit Plan which will support the external auditors to understand the challenges and opportunities facing the Trust.

External Audit Plan 2014/15

The Committee noted the External Audit Plan which will support the external auditors to understand the challenges and opportunities facing the Trust.

External Audit Financial Resilience Report

The Committee received the Report which reviewed how the external auditors reach the Value for Money conclusion. The report found that the Trust has achieved well over the last few years with strong performance.

Annual Reports

The Committee received a number of annual reports throughout the year, including:

- Counter Fraud Annual Report 2012/13
- Internal Audit Annual report 2012/13
- Audit South West Annual Report 2012/13
- Annual Audit Letter 2012/13 from the external auditors
- Annual Governance Statement 2012/13
- Risk Management Committee compliance report 2012/13

Key Risks Discussed:

Assurance Framework

The Committee received the minutes of the Risk Management Committee and the Principal Risk & Assurance Report which includes the high score (15+) risks that are currently open on the Corporate Risk Register. These are reviewed in detail by the Risk Management Committee.

Quality Account 2012/13

The Committee noted that the external auditors had provided limited assurance on the Quality Account as they were not able to confirm the calculation of the indicator of the percentage of patients re-admitted within 28 days. Following a Significant Event Audit review, it was found that there was an inconsistency between the national guidance produced for Trusts and that produced for the external auditors. A number of recommendations were agreed and implemented.

In-depth Risk Review – Dietetics care

An in-depth review of Risk ID 1809 – Risk of poor nutritional and dietetic care – Community North Devon was requested by the Audit & Assurance Committee, following receipt of an internal audit report. The risk had originally been identified as a high-score risk of 16 and highlighted an inconsistency in the level of dietetic services provided to the Northern and Eastern areas. The review showed that the Service Level Agreement for the community dietetics service was the same for both Northern and Eastern areas and whilst being met in the Northern area, it was being exceeded in the Eastern area. Following discussion of the in-depth risk review, the Risk Management Committee made a recommendation to accept the risk with a medium score of 8. The in-depth risk review was presented to the Audit & Assurance Committee and approved.

Key Decisions Taken:

Consolidation of Charitable Funds

A briefing was presented to the Committee on the regulatory requirements. Following discussion, the Committee approved the non-consolidation of the charitable funds accounts in the Trust's annual accounts.

Counter Fraud Work-Plan 2013/14

The Committee approved the Counter fraud Work-Plan 2013/14 which details the pro-active work which will be undertaken and the proposed work on drugs management. Progress of the Work Plan is presented as part of the routine reports to the Committee.

Counter Fraud Work-Plan 2014/15

The Committee approved the Counter Fraud Work-Plan 2014/15 which details the pro-active work which will be undertaken and the proposed work on community services. Progress of the Work Plan is presented as part of the routine reports to the Committee.

Internal Audit three year Plan 2013/16

The Committee approved the three year internal audit plan, following discussion and agreement by the Executive Director Team.

Annual Accounts 2012/13

The Committee had delegated authority from the Trust Board and approved the Annual Accounts and Letter of Representation.

Losses & Compensations Register

The Committee approved the Register.

Scheme of Delegation, Standing Financial Instructions and Standing Orders

A number of adjustments have been made to these documents to reflect the changing nature of the organisation. The Committee approved the adjustments.

Areas of Development:

Legal Claims Quarterly Reports

The Committee received the quarterly reports for the Trust's legal claims. Following discussion, the Committee requested additional benchmarking information to be included, together with more detail around the risk to the Trust regarding closed claims. This will provide additional assurance to the Committee and can be used to identify emerging issues.

Interim Internal Audit Reports

Following discussion, the Committee requested that the rationale for changes to the agreed internal audit plan is included in the update reports.

Board Assurance Report

Following receipt of the Quarter 1 2012/13 report, it was agreed that the Report would be presented to the Trust Board only, in order to avoid duplication.

Charitable Funds Committee

The purpose of the Charitable Funds Committee is to manage and monitor all aspects of the management of the charitable funds within the Trust. The Committee is accountable to the Charitable Funds Trustees who comprise the voting Non-Executive and Executive Directors of the Trust Board.

Significant Issues Raised:

Charitable funds volunteers

The Committee acknowledged the work of the team of dedicated volunteers who bring in over £1000 a month for the Funds. Training and development days are held to support the volunteers.

Eastern charitable funds

The charitable funds from NHS Devon for Eastern Community Hospitals and Services were transferred in May 2013 and included £880k of investments and other dividends.

Satellite Unit charitable fund

Options continue to be explored for the transfer of the charitable fund for the Satellite Unit located at South Molton Hospital to the Royal Devon & Exeter NHS Foundation Trust.

Key Risks Identified:

External Audit Report

The Charitable Funds accounts for 2012/13 had been audited by the External Auditors. A number of recommendations were made and the issues will be addressed.

Charitable Funds Risk Report

The Committee agreed that a report on risks relating to Charitable Funds will be presented to each Committee meeting, including the risks that had been accepted since the last report.

Key Decisions Taken:

Roy Evans Special Purpose charitable fund

The Committee approved the transfer of £50k from the Roy Evans Special Purpose Charitable Fund into the Chemotherapy Appeal Fund at the request of the original fundraiser supported by the Roy Evans Appeal Committee.

Investment strategy for the Chemotherapy Appeal Fund

It was agreed that a separate bank account would be opened to invest the Appeal Fund in order to take advantage of the different interest rates that were available. The decision took into account the implications of the Chemotherapy Unit's build cost profile to ensure there will be no cash flow issues.

Social responsibility and gambling policy

The Committee approved the Policy which sets out the arrangements and processes to conduct a Large Society Lottery. Implementation of the policy will ensure the organisation meets the requirements of the Gambling Act (2005), the Gambling Commission, the Charity Commission and Licence Conditions and Codes of Practice.

Areas of Development:

Code of Fundraising Practice

The Code of Fundraising Practice represents the standards set by the Institute of Fundraising to demonstrate best practice. It was agreed that the Code of Practice would need to be assessed for inconsistencies against the NHS Values and NHS Code of Practice before the Fundraising Code of Practice was implemented.

Charitable funds work-plan

The Work-Plan has been developed to support the delivery of the Charitable Funds Strategy and contributes to the aims of the Charitable Fund. The Committee agreed that a progress report should be presented at every meeting.

Finance Committee

The Finance Committee was established to maintain robust financial management by monitoring financial performance and making recommendations to the Executive Team or to the Trust Board as appropriate.

Significant Issues Raised:

Annual Accounts 2012/13

The Committee received the key summaries of the Annual Accounts before presentation to the Audit & Assurance Committee for approval.

Budget 2013/14

The Committee received updates on the proposed budget for 2013/14, before approval by the Trust Board.

Supporting the growth of the Trust

The Committee discussed and agreed a set of key criteria that would need to be considered when deciding whether to bid for or to provide a service. As part of the process, contribution thresholds would need to be considered on a case-by-case basis.

Key Risks Identified:

Contract negotiations 2013/14

The Committee was kept fully informed on the progress of the contract negotiations and arbitration with the Northern, Eastern & Western Clinical Commissioning Group. Updates were also provided to the Trust Board.

Delivery of the Joint Continuous Improvement Plans 2013/14

The Committee received updates on the progress of achieving the joint Continuous Improvement Plans with the Northern, Eastern & Western Clinical Commissioning Group. Throughout the year, action was taken to monitor the progress of the Plans and to seek to deliver the Plans which were being overseen by the joint Community Services Delivery Board. Slippage in delivery of the joint Plans was reviewed throughout the year and action was taken to resolve the issues.

The Committee noted that the Trust would be involved in a series of public engagement events with the Clinical Commissioning Group.

Key Decisions Taken:

Commercial opportunities

The Committee approved or endorsed the progress of the following bids:

- Tiverton District Hospital Urgent Care Centre
- End of Life Care

Intellectual property policy

The Committee approved the policy which was developed to encourage and enable staff to participate in the generation of intellectual property as part of its commitment to deliver the best possible patient care through innovation and improvement. It provides a balance between the Trust's legitimate needs to protect its interests, and the provision of a creative working environment for staff.

Capital Programme 2013/14

The Committee approved the Programme which was consistent with the Trust's Long Term Financial Model and assumed that loan opportunities may be utilised. The Committee also approved the progression of a £5m loan with the NHS Trust Development Authority to support the Capital Programme.

Draft Budget 2014/15

The Committee approved the draft Budget noting that there was a gap in the community Continuous Improvement Plans that still needed to be negotiated.

Business cases

The Committee approved a number of business cases, including:

- Pharmacy business case for the provision of improved stock control, patient safety, clinical capacity and fully implementing medicines reconciliation.
- Outline business case for the procurement of an energy performance contract.

PPSA Contract Award Recommendation Report

The Committee approved the contract for continence products and home delivery service subject to ratification by the Trust Board.

Areas of Development:

Finance report

The Committee requested a number of additions and amendments to the routine Finance Report, in particular to the Cash Flow format and Capex reporting, to improve the information provided.

Service line reporting

The Committee noted that this is currently being developed by the Finance Team and the methodology will involve clinician engagement. The reporting structure will be presented to the Committee.

Quality Assurance Committee

The role of the Quality Assurance Committee is to provide leadership and assurance that the Trust's clinical governance systems and processes are in place and are effective in providing safe, high quality care.

Significant Issues Raised:

Patient stories

The Committee receives a patient story at each meeting to highlight patient and carer's voices which together with patient satisfaction surveys and other patient feedback routes support the momentum for change. The Patient Stories are also presented to the Learning from Patient Experience Group and the Trust Board and shared with local teams.

Trust response to the Keogh Mortality Review

Following a national review of care and treatment provided by a number of NHS Trusts and Foundation Trusts that were persistent outliers on mortality indicators, a review was undertaken by the Medical Director against the Keogh ambitions and the datasets used by the national review. The outcome provided significant assurance to the Committee that there is regular monitoring of key areas and regular reporting to the Trust Board. Where gaps were identified, an action plan was developed to address these including strengthening the Trust's processes for systematically reviewing and investigating all deaths.

Trust response to the Mid Staffordshire NHS Foundation Trust Public Inquiry

The Director of Nursing reviewed the Trust's position against the recommendations of the Francis Report which were relevant to the Trust. Where gaps were identified, an action plan was developed to address these and this was cross-referenced with the action plan from the Keogh Mortality Review.

Liverpool Care Pathway

The Committee was provided with updates on the national developments around the Liverpool Care Pathway which is used for end-of-life care. Following a national independent review of the Pathway, a number of recommendations were made. The Trust undertook an audit to provide assurance the Pathway was being used appropriately. The findings indicated that no detrimental impact on patient care had been identified. An action plan is being developed to address the recommendations from the National Audit Report on Care of the Dying. This work will need to be linked with the Devon-wide approach for end-of-life care.

Annual Reports

The Committee received a number of annual report, including:

- Safeguarding Adults Annual report 2012/13
- Safeguarding Children Annual Report 2012
- Patient Safety Annual Report 2012/13
- Customer Relations Annual Performance Report 2013/13
- Risk Management Committee compliance report 2012/13

Key Risks Discussed:

Named doctor for safeguarding children

The Committee discussed the continued absence of a Named Doctor for safeguarding children and required assurance that the role was being covered effectively. Locum arrangements were put in place with an individual who had previously worked in the role in the Trust and the risk was monitored via the Trust's risk management arrangements.

Patient identification incidents

The Committee received a report on patient identification incidents which had been requested by the Risk Management Committee following discussion of a risk recorded on the Corporate Risk Register. The Committee noted that there continue to be a small number of patient identification incidents but this was on a downward trend and that a review had been undertaken to identify gaps in the processes and address them.

Pharmacy review

A review of Pharmacy processes was undertaken by internal audit which identified a number of issues which could potentially put patient medication at risk. A significant amount of work was undertaken to address the identified issues and to streamline the processes in Pharmacy to make them more efficient and to release manpower to provide clinical pharmacy on wards. The report was also presented to the Audit & Assurance Committee and the Trust Board.

Methotrexate incident analysis

Following two serious incident investigations involving methotrexate, an analysis was undertaken by the Medical Director to compare the outcomes of the two investigations and ensure all lessons had been learned. A number of common issues were identified and a supporting action plan has been implemented to address them. One of the actions is to audit prescription charts both in the acute and community hospitals to check compliance with national guidance on oral methotrexate administration. A Trustwide Patient Safety Alert was also disseminated across the organisation using these incidents to share the learning. The report was also presented to the Trust Board.

Key Decisions Taken:

Interventional procedures

The Committee had previously agreed that approval could be sought for interventional procedures and for procedures used on a named-patient basis in community hospitals. Where there is urgency in getting a procedure approved, the Medical Director and the Nursing Director could approve an interventional procedure and present it for retrospective approval by the Committee. Approval was given for seven interventional procedures and retrospectively given for one interventional procedure.

Serious incidents requiring investigation

The Committee discussed and approved 32 serious incident investigation reports for presentation to the Trust Board for ratification.

Areas of Development:

Specialist Advisory Groups

As set out in the Committee's Terms of reference, a number of sub-groups and other specialist groups should present information in the form of minutes, Terms of Reference, annual Committee Compliance Report and Annual Report. In some cases, the Committee sought additional assurance that the Groups were being effective and were discharging their responsibilities.

Workforce & Organisational Development Committee

The purpose of the Workforce & Organisational Committee is to provide advice and assurance to the Board on all matters relating to the workforce, including workforce strategy and planning and Pay & Reward. It also has responsibility for organisational development, including Health & Well-being and Equality & Diversity.

Significant Issues Raised:

Performance framework

The Committee was updated on the progress of the development of the Framework in consultation with staffside which will be used to agree staff moving up to the next pay increment. The first phase of the Framework will be based on achievement of statutory and mandatory training and no live disciplinary or capability sanctions. There will be an appeals process.

Mutually Agreed Resignation Scheme

It was agreed to run a Scheme for corporate office functions and medical secretaries with approval from the NHS Trust Development Authority.

Overseas nurses

The Committee received a number of updates on the impact and progress of the cohort of overseas nurses. It was noted that the nurses required more support than originally anticipated. However, this has been a successful approach to recruiting nursing staff in light of the national skills shortage.

Values workshops

A series of facilitated workshops were run with staff, both management and front-line, to consider how staff can live the Trust's values.

Board Assurance report

The Committee reviewed progress of the annual corporate objectives related to the Strategic Objective "Flexible & multi-skilled workforce". This is reviewed and approved by the Trust Board on a quarterly basis.

Mini staff surveys

The Committee received feedback from the pilot surveys and noted that a programme of mini staff surveys will be rolled out across the Trust. However, the Committee was subsequently advised that the new national Friends & Family Test may need to be run for staff on a quarterly basis, which could lead to survey fatigue and duplication. National guidance is awaited.

Medical Appraisal Annual report 2012-13

The Committee received the Annual Report which had been presented to the Quality Assurance Committee and the Trust Board.

Key Risks Discussed:

Divisional workforce plans

Although significant improvement was made throughout the year in terms of developing divisional and team-level workforce plans, there was delay in developing the workforce plans for Medicines and Surgery Divisions, which in turn had an impact on other workforce plans. All Plans were in place in Quarter 4 2013/14.

Timing of induction session

The staff induction dates were changed to ensure that there were no delays in paying new staff. In addition, the format of the Induction Day was improved so that new starters could be given access to the Trust's IT systems on day one of their employment.

Reduction in surgical trainees

The Committee was advised that the number of surgical trainee posts had been reduced. Two surgical trainees posts are due to be removed from the Trust in August 2014. This was part of a national strategy to reduce the number of surgeons in future years. The implications to the Trust and the impact on the surgical workforce plan and on other services such as vascular surgery were reviewed. An action plan was implemented to address the risk.

Key Decisions Taken:

Committee sub-groups

The Committee approved the terms of reference of three Sub-Groups which will report into the Committee:

- Operational Workforce Development Committee
- Organisational Development Committee
- Pay & Reward Committee

Equality & Diversity Strategy

The Committee approved the Strategy which was then presented to the Trust Board for ratification. The Strategy is supported by an action plan which is monitored by the Organisational Development Committee.

Health & Well-being Strategy

The Committee approved the Strategy which was then presented to the Trust Board for ratification. The Strategy is supported by an action plan which is monitored by the Organisational Development Committee.

Nursing, midwifery and care staffing capacity and capability action plan

The Committee approved the Action Plan which provides a risk-assessed work-plan in response to the nurse staffing elements of key national documents such as the Francis Report, the Keogh Mortality Review and the Berwick Report.

Policies & procedures

The Committee approved or ratified a number of policies and procedural documents, including:

- Job Evaluation Policy
- Associate Specialist and Speciality Doctor Job Plan Policy
- Sickness Absence Management Policy
- Managing Performance Concerns for Medical & Dental Staff
- Medical Appraisal Policy
- Consultant Job Planning Guidelines
- Professional Registration Policy
- Organisational Change Policy
- Whistleblowing (Speak up, Speak out) Policy
- Employer-based Clinical Excellence Awards Procedure
- Procedure to provide assurance about clinical practice and early identification of potential doctors in difficulty

Areas of Development:

Committee arrangements

The Committee will review its terms of reference and those of its Sub-Groups in 2014/15 to ensure they are meeting the needs of the organisation.

2.6 Board performance and effectiveness

Trust Board

In March 2012, the Board completed the Board Governance Assurance Framework for Aspirant Foundation Trusts, which is part of the Foundation Trust application process. The Board Governance Assurance Framework enabled the Board to make a self-assessment of its current capacity and capability supported by appropriate evidence that was externally validated by an independent supplier in April 2012. A number of areas of development were identified as part of this process which have been implemented led by the Chairman. The Board Governance Assurance Framework will be refreshed in Quarter 1 2014/15.

The Board reviewed its effectiveness using a self-assessment tool at a number of Board Briefing sessions. A Board Effectiveness Development Plan was approved by the Board in January 2014 which will further support the Board to become a mature and unitary Board.

Audit & Assurance Committee

The Audit and Assurance Committee has reviewed its own effectiveness against the self-assessment checklist from the Audit Committee Handbook (2011) to ensure it continues to provide assurance to the Board in line with best practice. A programme of Audit and Assurance Committee briefings continues to be undertaken in order to support the members. In addition, members off the Committee attended a number of events arranged by external bodies, e.g. Healthcare Financial Management Association.

2.7 Compliance with the Corporate Governance Code

Throughout 2013-14, the Board has continued to build on the principles of good corporate governance. Corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the delegation of roles and responsibilities of those who work within the organisation, determines the rules and procedures through which the organisation's strategic objectives are set, and provides the means of attaining those strategic objectives and monitoring performance. Most importantly, it defines where accountability lies throughout the organisation.

To support the ongoing strengthening of corporate governance within the Trust, the Board has based its improvements on a number of key documents including:

- Standards of business conduct (Department of Health, 1993)
- Code of conduct for NHS managers (Department of Health, 2002)
- Building an assurance framework: a practical guide for NHS Boards (Department of Health, 2003)
- Code of conduct and accountability in the NHS (Department of Health, 2004)
- Integrated governance handbook (Department of Health 2006)
- Code of governance for NHS Foundation Trusts (Monitor, 2010)
- Introductory guide – NHS Governance (Healthcare Financial Management Association 2011)
- Audit Committee Handbook (Healthcare Financial Management Association 2011)
- Board governance assurance framework for aspirant Foundation Trusts (Department of Health, 2011)
- Integrated governance (Healthcare Financial Management Association 2011)
- Corporate governance in central government departments: Code of good practice (HM Treasury, 2011)
- The foundations of good governance (Foundation Trust Network & DAC Beachcroft, 2013)

The Board complies with the Corporate Governance Code. All Board members follow the Nolan Principles on conduct in public life. In addition, where relevant, Board members also work within the requirements of their professional regulatory bodies.

In 2012-13, the Board formally collectively affirmed and documented its understanding of the organisation's purpose and document the Board's role and responsibilities in a Board Operating Framework. The Board approved the re-appointment of a Non-Executive Director as Vice-Chairman for a period of two years. The Director of Finance & Performance was formally re-confirmed as the Deputy Chief Executive. One of the Non-Executive Directors was appointed as Senior Independent Director for a period of two years. The Board Operating Framework will be reviewed in 2014/15.

2.8 Compliance with the Statutory Requirements

Arrangements are in place for the discharge of the Trust's statutory functions and compliance is checked through a variety of external independent assessments including:

- The Trust commissions a comprehensive annual Internal Audit programme;
- The Trust commissions a comprehensive Counter-Fraud programme of work;
- Violence and Aggression and security issues are supported by the Trust's Local Security Management Specialist;
- The Trust is registered with the Care Quality Commission with no conditions;
- The Trust reports RIDDORs to the Health & Safety Executive; and
- The Trust is subjected to external assessments and inspections, e.g. Information Commission and Care Quality Commission.

Where partial or non-compliance is identified, supporting action plans are developed and performance monitored via the Trust's risk management arrangements.

The Trust also has a range of internal processes that require staff to ensure that they carry-out their duties in line with legislative and regulatory requirements, including:

- Register of Interests;
- Standing Orders;
- Standing Financial Instructions;
- Scheme of Delegation; and
- Code of Conduct.

In addition, staff are required to work to the regulatory requirements of their professional bodies.

No reports have been received to indicate that the Trust is not legally compliant.

2.9 Quality Governance Assurance

In April 2012, the Board completed the Board Quality Assurance Framework, which is part of the Foundation Trust application process. The Quality Assurance Framework enabled the Board to make a self-assessment of its current arrangements for quality governance assurance supported by appropriate evidence that was externally validated by an independent supplier in August 2012. A number of areas of development were identified as part of this process which have been implemented led by the Chairman. The Board Quality Assurance Framework will be refreshed in Quarter 1 2014/15.

The Board receives assurance for quality governance issues via the robust committee reporting structure that has been established. The Quality Assurance Committee is a sub-committee of the Trust Board and its membership included Non-Executive and Executive Directors. A number of key specialist advisory groups, with a more operational than strategic focus, in turn report to the Quality Assurance Committee, e.g. the Safer Care Delivery Committee and the Infection Prevention & Control Committee.

The Board also receives key reports that are first presented to and discussed by the Quality Assurance Committee, e.g. annual reports and serious incident investigation reports. Key Quality Performance Indicators are presented to the Board as part of the routine Integrated Performance Report.

Serious incidents requiring investigations

The Trust continues to be a high reporter of patient safety incidents reported to the National Patient Safety Agency compared with similar small acute trusts. The organisation has robust incident reporting processes embedded throughout the organisation as indicated by the high incident reporting culture. A robust process has been developed for escalating reported incidents for a decision on whether they should be designated as a serious incident requiring investigation and formally investigated. Incidents may be escalated if the outcome actually or potentially had a severe or catastrophic level of harm or if the incident represents a significant risk to the organisation. Escalated incidents are subjected to an initial Significant Event Audit investigation and the report is presented to the Executive Team for a decision on whether it should be designated as a serious incident requiring investigation. The final decision is agreed by the Executive Directors Group.

On completion of the comprehensive formal investigation of serious incidents, the reports are reviewed by the Executive Team and presented to the Quality Assurance Committee for approval. Summary reports of the individual serious incident investigations are then presented to the Trust Board for ratification. Actions highlighted in both the Significant Event Audit reports and the serious incident investigation reports are recorded on the Corporate Risk Register and performance monitored and reported via the Trust's risk management systems.

Following discussion of the serious incident investigations by the Quality Assurance Committee, a number of themes have been identified and the Committee has sought additional assurance and/or information, e.g.:

- Roll-out of Human Factors training to support staff to follow policies and procedures
- Impact of ambulance crews making the decision not to convey patients from community hospitals to the acute hospital
- Lack of clarity on individual responsibility for completing Treatment Escalation Plans for end-of-life care by GPs and Trust staff

Action has been taken to improve the resilience of the serious incident investigation process and to help reduce the delays in completing investigations within timescales. Root Cause Analysis training was provided to a core group of key staff. Two operational leads will be nominated for each serious incident investigation, each to take on a discrete aspect of the process and provide cover for the other, which should help to minimise delays caused by annual leave and sickness absence and lighten the workload for individual operational leads. Each investigation will continue to be led by a nominated Executive Director.

Consideration is being given on how to share the learning from Significant Event Audit and serious incident investigations more widely across the Trust in order to share the learning and to comply with the required Duty of Candour.

Never Events

Potential Never Events are escalated to the Executive Directors Team for discussion and agreement. Once identified, the incident is investigated, reported, approved and monitored in the same way as a serious incident requiring investigation.

Clinical Audit & Effectiveness Programme

Following the dissolution of the Clinical Audit & Effectiveness Group, a process was established for developing, delivering and monitoring the Trust's Clinical Audit & Effectiveness Programme.

The Clinical Audit & Effectiveness Programme was approved by the Quality Assurance Committee. In order to strengthen the level of assurance, responsibility for monitoring clinical audit projects was explicitly transferred to the Divisional Manager with support from the Clinical Audit Team. The Quality Assurance Committee continues to gain assurance by receiving routine exception reports. The report on the new process was also presented to the Audit & Assurance Committee for information and assurance.

Quality Account 2012/13

The Quality Assurance Committee received the draft Quality Account for comment and noted that monthly updates will be provided to the Trust Board on progress of the 2013/14 priorities as part of the routine integrated performance report. The Quality Account was approved by the Trust Board and published on the Trust's public website.

3. Risk Assessment

3.1 System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Northern Devon Healthcare NHS Trust for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

In making this statement, reference must also be made to the Head of Internal Audit Opinion which provided an overall opinion of "Significant Assurance" on the effectiveness of the organisation's internal control systems and financial governance.

3.2 Capacity to handle risk

The Board and senior management are committed to risk management, as this is an integral part of achieving the Trust's objectives and of being accountable to the public.

The Chief Executive has overall responsibility for risk management within the Trust. The Commercial Director is the lead Director for risk management. Each Director has responsibility for leading and reporting on the risk management plans for risks identified within their directorates. The Directors are accountable to the Chief Executive in this role.

The line management and professional structures within the Trust ensure that responsibility for the implementation of risk management procedures and control of risks are in line with the scheme of delegation for their areas of responsibility. Support is provided by members of the Corporate Governance Team to enable staff to identify and assess risks and to develop action plans to manage them. The Trust's risk management arrangements have been embedded throughout the organisation, resulting in shared good practice.

Statutory Health and Safety training is provided to all staff. Generic risk assessment training is provided to the relevant staff. Further risk management training, such as managing the Corporate Risk Register and the Principal Risk and Assurance Register, is targeted to the appropriate staff. This has enabled staff to manage risk in a way appropriate to their authority and duties. Training will continue to be provided over the next year.

3.3 Risk profile

As at 31 March 2014, there were 302 open risks recorded on the Corporate Risk Register (Table 3). During 2013/14, 539 new risks were recorded and 550 risks were accepted as the mitigating actions had been completed and the risk re-scored.

Table 3 – Risk profile of open risks as at 31 March 2014

Category	Risk score	Number	% of Total
Low	1 - 6	47	16
Medium	8 - 12	224	74
High	15 - 25	31	10

4. The Risk and Control Framework

4.1 Risk Management Strategy

The Risk Management Strategy was approved by the Trust Board in February 2012. In 2013/14, the Risk Management Strategy was revised in order to reflect the developments in risk management and changes in organisational structure throughout the year.

The Risk Management Strategy includes the following:

- Details of the aims and objectives for Risk Management in the organisation
- A description of the relationships between various Committees with a role in risk management
- Descriptions of the responsibilities of all levels of management and their levels of authority in respect of managing risk and operating a suitable system of internal control
- Summaries of the role of key individuals with responsibility for advising on and co-ordinating risk management activities
- A description of the tools that the organisation uses to review risk management performance and for gaining assurance about the management of risk
- The definitions of risk management, risk and other key terms
- Guidance on what is an acceptable risk to the organisation

It also includes a description of the whole risk management process and requires all risk to be recorded, when identified, in a standard format risk register and prioritised using a standard scoring methodology. The Corporate Risk Register includes all recorded risk, both clinical and non-clinical, for the organisation.

The Risk Management Strategy clearly states that it is the responsibility of all staff to identify risks and communicate those risks to the most appropriate person and/or committee. The Trust's risk management arrangements ensure that all identified risks are assessed and validated and that actions are agreed to mitigate, minimise or accept the risk. Risks are performance monitored and reviewed at regular intervals and the management of the risk may be challenged at any stage.

The Risk Management Committee was established in December 2006 to monitor and manage both clinical and non-clinical risks. Minutes of the Risk Management Committee meetings are presented to the Audit and Assurance Committee and the Quality Assurance Committee for information and challenge.

The Audit and Assurance Committee has a role to monitor the management of high-scoring risks and to approve the management of the Principal Risk and Assurance Register. High-level clinical risks are monitored by the Quality Assurance Committee. The Terms of Reference of the two Board sub-committees reflect these functions.

All identified risks, including risks to data security, are recorded on the Corporate Risk Register, with supporting action plans to mitigate the risk. A robust system for validating the risk assessments and their scores and for performance monitoring the progress of the action plans has been put in place, supported by the Corporate Governance Team. Routine reports of new risks, exception reports and those risks that have been accepted are presented to the Risk Management Committee on a monthly basis for discussion and challenge.

The reporting schedule of risks has been reviewed to ensure the appropriate level of detail is presented to the relevant committees.

4.2 Board Assurance Framework

The Board Assurance Framework is monitored by the Audit and Assurance Committee. Key elements of the Board Assurance Framework are:

- Principal objectives
- Principal risks
- Key Controls
- Assurances on Controls
- Gaps in Assurance
- Gaps in Control

In formulating the Board Assurance Framework, the Board has reviewed its strategic objectives. The Trust's vision and strategic objectives were reviewed and approved by the Board in April 2014. The strategic objectives are used to confirm the Board agenda. The purpose of the Board Assurance Framework is to document the above and is used

to examine the level of assurance on the effective operation of controls.

High scoring risks, i.e. with scores of 15 or more, recorded on the Corporate Risk Register are reviewed by the Risk Management Committee to allocate them into specific themes represented by a number of over-arching Principal Risks. To date, twelve Principal Risks have been identified. Individual high-scoring risks may be allocated to more than one Principal Risk.

The Principal Risks form the Board Assurance Framework and are recorded on the Principal Risk and Assurance Register, together with a description of existing controls and assurances and any gaps in controls or assurances. Where gaps have been identified, action is agreed by the Executive Team to manage the gaps and the information is set out in the quarterly Board Assurance Report. The Principal Risk and Assurance Register is reviewed by the Audit and Assurance Committee on a bi-monthly basis.

During 2013/14, the Board Assurance Framework was implemented for the management of the Principal Risks facing the organisation – those risks that, if they materialised, would have a detrimental impact on the achievement of the Strategic Objectives and could lead to organisational failure or significant lost opportunities. The Board recognises that an effective risk management system process must be in place to ensure efficient and timely delivery of the Trust's strategy. This process requires:

- An agreed set of Strategic Objectives aligned to advancing the strategic vision;
- An assessment of the Principal Risks to the achievement of the Strategic Objectives, derived from SWOT and PESTLE analyses;
- A review of existing controls and assurance mechanisms in place to manage the Principal Risks and ensure delivery of the strategic objectives; and
- A process for identifying gaps in the controls and assurance and identifying the actions required to mitigate the gaps.

The action identified to mitigate the gaps in the controls and assurance systems between them make up the annual corporate objectives for the Trust which translate into personal performance objectives for the Board Directors and the annual work programmes for the Trust Board sub-committees. This ensures that the Trust Board is focussed on risks at a strategic rather than an operational level.

The Principal Risks are managed in accordance with the Trust's risk management arrangements. In addition, the Board will review the Principal Risks on a routine basis through a quarterly Board Assurance Report to gain assurance that the agreed actions are being implemented and are effective. Where new Principal Risks are identified during the course of the year, they will be agreed by the Board and added to the risk management and reporting process.

In order to support the Trust Board's role in identifying risks to the delivery of the Trust's Strategic Objectives, the agenda for the Board meeting includes a standing agenda item for both Executive Directors and Non-Executive Directors to raise emerging issues which may represent a risk or an opportunity to the organisation. This ensures that the Trust Board is made aware of emerging issues at an early stage and has an opportunity to discuss the potential impact on the Trust. In addition, key issues raised during the meetings of the sub-committees of the Trust Board are routinely highlighted and reported at the Board meeting by the sub committees' Chairs.

The Board Assurance Framework clearly states that the context for risk management should incorporate consideration of the organisation's stakeholders, including:

- Patients
- Public interests
- Service user interests
- Commissioners
- Ministers and the Department of Health
- Wider societal interests
- Risk aspects of relationships inside and outside of the NHS, including key suppliers of goods and services to incorporate:
- Ways in which the behaviour of "partners" affects the Trust
- Ways in which the behaviour of the Trusts affects the "partners"
- The risk priorities of "partners"

4.3 Management of key risks

Data security risks

With regard to risks to information, the Trust recognises the need for an appropriate balance between openness and confidentiality in the management and use of information. Information is a vital asset, both in terms of the clinical management of individual patients and the effective control of services and resources. It plays a major part in clinical governance, service planning and performance management. Control measures have been put in place to ensure information is appropriately managed, and policies, clear procedures and accountability provide a robust governance framework for information management. These include controls to ensure confidentiality and appropriate security arrangements to safeguard personal information about patients, staff and commercially sensitive information. Other control measures ensure adherence to the requirements of the Freedom of Information Act and NHS Information Governance toolkit and controlled sharing of information with other agencies and health organisations through appropriate information-sharing protocols.

In Quarter 4 2013/14, an Internal Audit report on the Trust's Information Governance toolkit found that, overall, there was potentially a medium potential adverse impact on the Trust's objectives. The report's recommendations and supporting action plan have been recorded onto the Trust's Corporate Risk Register and will be performance monitored via the organisation's risk management arrangements.

In 2013/14, one serious data security incident was reported to the Information Commissioner's Office and formally investigated by the Trust.

Performance risks

The Trust handled high levels of demand for emergency services in 2013/14 with noticeable peaks of activity throughout the year. On a number of occasions, it has also been necessary to close beds to support infection control measures. Additional beds were opened as contingency, in accordance with Winter Pressure Plans, and some non-urgent elective surgery had to be cancelled during periods of peak demand. Consequent pressure on bed availability over extended periods has adversely impacted on the Trust's ability to achieve some Key Performance Indicators including the A&E 4 hour standard, mixed sex accommodation and some stroke standards.

Analysis of the Trust's Hospital Standardised Mortality Ratio (HSMR) has continued, during the year with further clinical review and detailed investigation. This work has contributed to a significant improvement in the rolling 12 month HSMR which is now within the normal expected range for all localities.

The Trust's local analysis indicates under-achievement for the following indicators at some points during the year:

- A&E waiting times – in 2013/14, levels of emergency demand have continued to include periods of peak pressure on the department and bed capacity.
- Mixed Sex Accommodation – there have been periods during the year when pressure on bed capacity and the clinical need to admit necessitated proactive decision to breach Mixed Sex Accommodation standards in order to deliver prompt and appropriate care.
- Never Events – two Never Events were recorded during 2013/14.
- Stroke Service Indicators – a contributing factor in underachievement of the 90% of stay indicator has been general pressure on emergency demand. The implementation of the SSNAP calculation for the 90% of stay indicator has delivered achievement of this standard for the first time by the end of 2013/14.
- Ambulance handovers over 30 minutes – these were high in Quarter 1 but the development of additional majors cubicles alongside increased validation of breaches has greatly improved the position in-year.

- Referral To Treatment (RTT) Specialty standards – within the year there have been three specialty breaches each of the admitted and non-admitted RTT standards with the affected specialties being Plastic Surgery and Neurology. Plastic Surgery in particular is affected by small numbers of patients in these categories which impact on the percentages reported.
- 52 week wait – Three patients waited more than 52 weeks for treatment in 2013/14. All were subject to a Significant Event Audit review and action plans were implemented to reduce the risk of recurrence.

Achievement of indicators has been monitored by the Trust throughout the year via:

- Monthly Directorate Performance meetings; and
- Routine Integrated Performance Reports to the Trust Board.

Where potential under-achievement has been identified, action plans have been developed, implemented and monitored as part of the monthly monitoring arrangements to reduce the impact.

The other key indicators are currently expected to be achieved. The Trust continues to undertake robust internal performance monitoring in accordance with the organisation's Performance Management Framework.

The robust performance reporting system was developed further in 2013/14, to support a comprehensive redesign of the Integrated Performance Report, including exception narrative, indicators listed by RAG status, and the development of Trust-level Balanced Scorecards. With completion of this project, performance achievement and alerts will be available online to managers and clinicians across the Trust. This system will contribute to identification and management of performance risks.

There is currently uncertainty around the implications of QIPP programme for 2014/15 and the resulting impact on the Trust's workforce plans. This issue is being monitored by the Director of Operations and the Director of Workforce and Organisational Development.

5. Review of Effectiveness of Risk Management and Internal Control

5.1 Effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of the Internal Audit's work. The overall level of the Head of Internal Audit Opinion is Significant Assurance. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its strategic objectives have been reviewed and are effective.

My review has also been informed by:

- External Audit reports
- Internal Audit reports
- Assessments by external agencies, e.g. Information Commission consensual visit
- Care Quality Commission planned and responsive inspections
- Internal management 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 Risk Management Committee, the Quality Assurance Committee, the Audit and Assurance Committee, the Clinical Services Executive Committee, the Finance Committee and the Trust Board. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The main mechanism for this is the Board Assurance Framework and the agreed supporting committee and reporting structures that have been fully embedded throughout the organisation. The Terms of Reference for the key committees are reviewed on an annual basis to reflect any changes in organisational structure.

- The Board receives the following reports that provide it with assurance on how the controls within the organisation are working:
- Reports from other committees of the organisation
- Reports from Executive Directors and key managers
- Reports from external reviewers, when received

- The Audit and Assurance Committee receives reports from Internal and External Audit on the work conducted by them during the year.
- Minutes from the Board sub-committees are presented to the Board to note.
- Executive Directors and key managers may present reports to the Board to note or to approve.
- The Director of Internal Audit has provided a Head of Internal Audit Opinion commenting on the current status of the Board Assurance Framework and the effectiveness of the Systems of Internal Control reviewed by Internal Audit. This has been used to aid in the preparation of this Statement.
- The reporting structure described in the Board Assurance Framework is used to monitor the systems of internal control and make reports to the Board.
- The Board Assurance Framework is independently reviewed by Internal Audit on an annual basis.
- The Trust registered its locations, service types, regulated activities and a named manager for each location with the Care Quality Commission. The Trust received confirmation that the Trust had been successfully registered without any location or service specific conditions.

Issues of Significant Internal Control identified by the Executive Directors will be reported immediately to the Chief Executive. Reports will also be made to the next Executive Directors Group meeting and to the next Board meeting. Where necessary, a Flash Report will be disseminated to the Board with a description of the issue and the action taken and/or proposed. If required, the issue will be escalated to the relevant group, e.g. Audit and Assurance Committee or Quality Assurance Committee.

Disclosure of a significant internal control issue may contain a description of the weakness and its impact to provide context for the actions taken to manage it. In such cases, the Trust may exercise discretion when disclosing a significant internal control issue in order to avoid further adverse impacts or exploitation of the weakness.

5.2 Significant Issues

Non-compliance with Care Quality Commission's Standards

During 2013/24, the Trust was inspected on five occasions by the Care Quality Commission.

In May 2013, the Care Quality Commission made an unannounced visit of Tiverton & District Hospital as part of the normal inspection schedule to review five outcomes. Two of the outcomes were found to be needing improvement - Consent to Care and Treatment and Staffing. The Trust was asked to take action with regard to the "Do Not Resuscitate" orders as well as to ensure enough qualified, skilled and experienced staff were available to meet people's needs.

The Trust submitted an action plan that would return Tiverton & District Hospital to being compliant with these outcomes and this was recorded on the Trust's Corporate Risk Register and monitored through the risk management process.

In October 2013, the Care Quality Commission made an unannounced inspection of Moretonhampstead Community Hospital. The Care Quality Commission had made an inspection of the Hospital in September 2012 and found improvements were needed in respect of staff not receiving the appropriate professional development. However, the Commission was not able to undertake an inspection as the inpatient beds at the Hospital had been temporarily closed on patient safety grounds due to the difficulties of staffing the Hospital. After discussion, the Trust decided to withdraw the registration of the Regulated Activities until the future of the Hospital had been agreed.

In January 2014, the Care Quality Commission made an unannounced inspection visit to North Devon District Hospital to inspect five outcomes as part of the routine inspection schedule. The Trust was found to be needing improvement with one of the outcomes - Consent to Care and Treatment and asked to take action in relation to the "Do Not Resuscitate" orders.

The Trust submitted an action plan to the Care Quality Commission that would return the hospital to compliance and this was recorded on the Trust's Corporate Risk Register and monitored through the risk management process.

In January 2014, the Care Quality Commission made an unannounced inspection visit to Tiverton and District Hospital to follow-up on compliance actions identified at the previous inspection in May 2013. The Commission found that further improvements were needed in relation to the "Do Not Resuscitate" orders and therefore decided to take enforcement action through an Improvement Notice.

The Board was briefed on each inspection and provided with update reports by the Director of Nursing or the Medical Director at the routine Board meetings.

Care Quality Commission Improvement Notice

On 28 February 2014, The Trust was served an Improvement Notice because it was failing to comply with Regulation 18, Consent to Care and Treatment of the Health & Social Care Act 2008, Regulated Activities Regulations 2010. The Trust was found not to have suitable arrangements in place for obtaining, and acting in accordance with, the consent of service users in relation to care and treatment provided to them. In addition, the Trust was not meeting the requirements for the Mental Capacity Act 2008 where service users were not able to consent to some or all aspects of their care in accordance with the legal requirements in relation to "Do Not Resuscitate" orders.

The Trust was required to be compliant within 30 days of the Improvement Notice and a Task and Finish Group was formed of the relevant staff to identify the actions required to return the Trust to compliance and to monitor implementation.

The Trust fully implemented all the actions on the Trustwide plan to address all the issues identified in the Commission's inspection visit and ensure all the locations are compliant with the Standard for Consent to Care and Treatment.

On 2 April 2014, the Care Quality Commission made an unannounced inspection to Tiverton & District Hospital to check whether the Trust had taken action to meet the Standard, Consent to Care and Treatment in line with the Improvement Notice. The final report was received by the Trust in May 2014 which confirms the hospital is meeting the standard.

The Trust is currently waiting for a follow-up inspection visit to North Devon District Hospital to assess if all actions have been successfully implemented from the January 2014 inspection.

The Board was briefed on the Improvement Notice and provided with update reports by the Medical Director at the routine Board meetings.

Temporary Closure of Moretonhampstead Community Hospital

In January 2013, following discussion of a serious incident investigation report that had been presented in full on the recommendation of the Quality Assurance Committee, the Board considered the wider issue relating to the consistency in the safety and quality of services provided at Moretonhampstead Community Hospital. The report raised not only local issues for the staff involved, but wider strategic issues for the Trust around the difficulties for staff in small, isolated community hospitals being able to maintain their skills and competences. These findings from the serious incident investigation reflected the concerns raised by the Care Quality Commission in August 2012.

The Board agreed that it was not assured that under the existing circumstances that the community hospital was providing safe, high quality care. It was agreed that the community hospital would be closed temporarily from 31 January 2013 for three months in the first instance with a review at the end of that period. The temporary closure of the inpatient beds would provide an opportunity to consider the alternatives that might be available for future service provision at the site. Arrangements were put in place to transfer existing patients appropriately, as well as to provide extra community service support. A communications plan was implemented to ensure good communications with both service users and staff.

Moretonhampstead Community Hospital was re-opened following recruitment of additional staff and with a reduced number of beds in August 2013. In September 2013, it was subsequently temporarily closed due to the ongoing difficulties to recruit staff with the right skill mix to provide the safe, high quality care.

Update reports have been provided to the Board by the Director of Operations.

Torrington Community Cares Project

A joint six-month project was undertaken with the Northern, Eastern & Western Devon Clinical Commissioning Group to investigate the opportunity to re-design the hospital and community healthcare services in the Torrington area in order to support people to live safely and independently in their own homes.

The vision is for people who may have been an inpatient at Torrington Community Hospital to be treated instead in the comfort of their own home by the Trust's expanded community rehabilitation and nursing teams.

Initial public engagement had taken place in July 2013. An eight week evaluation period was carried out as a public engagement exercise over October & November 2013. For this period, the inpatient beds at Torrington Community Hospital that had been temporarily closed in August 2013 were re-opened in October 2013. At the end of November, the inpatient beds were again temporarily closed at Torrington Community Hospital.

Since October 2014, there has been an ongoing evaluation of the home-based care being provided to ensure it is effective and of high quality. The future of the Community Hospital has also been under review in order to ensure it is sustainable. A number of additional services, e.g. antenatal clinics, have been put into the Community Hospital.

The project is overseen by an Oversight Group that includes representation from the Trust and the Clinical Commissioning Group, local Councillors, the Torrington Community Hospital League of Friends and the Save Torrington's Irreplaceable Torrington Community Hospital Group. The outcome of the project will be evaluated in early part of 2014/15.

Update reports have been provided to the Board by the Director of Operations.

Challenged Health Economy - Devon

In February 2014, it was announced that eleven financially-challenged health economies in England were to receive expert help with strategic planning in order to secure sustainable quality services for their local patients.

Monitor, NHS England and the NHS Trust Development Authority agreed to fund a series of projects to help groups of commissioners and providers work together to develop integrated five-year plans that effectively address the particular local challenges they face.

The eleven areas, which included Devon, were chosen on the basis that they will most benefit from external support in the first few weeks of the new financial year. Potential suppliers were invited to tender for the work and were appointed in March 2014. The appointed supplier's role is to act as a critical friend, seeking to bring together all partners in the health economy and testing whether the organisations are undertaking their long term strategic planning in the most effective way. The programme of work is expected to take about 10 weeks through into June and the outcomes of the work may have significant implications for the Trust.

Update reports have been provided to the Board by the Director of Finance & Performance.

Accountable Officer:

Dr Alison Diamond, Chief Executive

Organisation:

Northern Devon Healthcare NHS
Trust

A handwritten signature in black ink, appearing to read 'Alison Diamond', written over a dotted line.

Signature:

Date: 5 June 2014

APPENDIX 1

Board Members' Attendance at Board sub-committees

Key: X = Attended -- = Absent Dep = Deputy attended n/a = Not applicable, e.g. not in post

1. Audit & Assurance Committee

Name	9 Apr	6 Jun	13 Aug	8 Oct	10 Dec	11 Feb	Attendance	
FULL MEMBERS								
Pauline Geen	X	X	--	X	X	X	5/6	83%
Nick Lewis	X	X	X	X	X	X	6/6	100%
Jane Reynolds	X	X	Dep	X	X	X	6/6	100%

2. Charitable Funds Committee

Name	15 Jul	10 Mar	Attendance	
FULL MEMBERS				
Roger French	X	X	2/2	100%
Jane Reynolds	X	X	2/2	100%
Chris Snow	X	--	1/2	50%
Kevin Marsh ²	--	--	0/2	0%
Carolyn Mills ¹	n/a	n/a		
Andy Robinson	X	X	2/2	100%

Notes:

1. Carolyn Mills, Director of Nursing, left the Trust in December 2013.
2. Kevin Marsh joined the Trust in March 2014 as Interim Director of Nursing.

3. Finance Committee

Name	22 Apr	24 May	24 Jun	22 Jul	23 Sep	21 Oct	25 Nov	27 Jan	24 Feb	24 Mar	Attendance	
FULL MEMBERS												
Roger French	X	X	X	X	X	X	X	--	--	X	8/10	80%
Nick Lewis	X	X	X	X	X	--	X	X	X	X	9/10	90%
Jane Reynolds	X	--	X	--	X	X	X	X	X	--	7/10	70%
Jac Kelly	X	--	--	X	X	X	X	X	X	X	8/10	80%
Kate Lyons	X	X	X	--	X	X	X	--	X	X	8/10	80%
Andy Robinson	X	Dep	X	X	Dep	X	X	X	Dep	X	10/10	100%
JOINT MEMBERS												
Alison Diamond	--	X	X	--	--	X	X	X	--	X		
Kevin Marsh ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	--	8/10	80%
Carolyn Mills ¹	--	--	--	X	X	X	--	n/a	n/a	n/a		

Notes:

1. Carolyn Mills, Director of Nursing, left the Trust in December 2013.
2. Kevin Marsh joined the Trust in March 2014 as Interim Director of Nursing.

4. Quality Assurance Committee

Name	14 May	9 Jul	10 Sep	12 Nov	14 Jan	11 Mar	Attendance	
FULL MEMBERS								
Tim Douglas-Riley	X	X	X	X	X	X	6/6	100%
Chris Snow	--	X	X	--	X	X	4/6	67%
Alison Diamond	X	Dep	X	X	X	--	5/6	83%
Kevin Marsh ²	n/a	n/a	n/a	n/a	n/a	--	3/5	60%
Carolyn Mills ¹	X	--	X	X	n/a	n/a		

Notes:

1. Carolyn Mills, Director of Nursing, left the Trust in December 2013.
2. Kevin Marsh joined the Trust in March 2014 as Interim Director of Nursing.

5. Workforce & Organisational Development Committee

Name	18 Jun	20 Aug	15 Oct	17 Dec	18 Feb	Attendance		
FULL MEMBERS								
Pauline Geen	X	X	X	X	X	5/5	100%	
Darryn Allcorn	n/a	n/a	n/a	n/a	X	5/5	100%	
Maureen Bignell ²	n/a	X	X	X	n/a			
Jac Kelly	--	--	X	--	--	1/5	20%	
Andy Robinson	--	--	--	--	--	0/5	0%	
JOINT MEMBERS								
Alison Diamond	--	X	--	--	--	1/5	20%	
Carolyn Mills ¹	--	X	--	--	n/a			
Kate Lyons ³	--	--	--	--	--	4/5	80%	
Janet Phipps	X	X	--	X	X			

Notes:

1. Carolyn Mills, Director of Nursing, left the Trust in December 2013.
2. Maureen Bignell, Director of Workforce & Organisational Development, left the Trust in January 2014. Darryn Allcorn took on the role of Interim Director of Workforce & Organisational Development in January 2014.
3. Kate Lyons, Director of Operations, is a joint member with Janet Phipps, Assistant Director of Operations. Where a joint member attends, this counts towards the joint members' attendance.

Remuneration Report

Introduction

Section 234B and Schedule 7A of the Companies Act, as interpreted for the public sector, requires NHS bodies to prepare a remuneration report containing information about directors' remuneration. In the NHS, the report will be in respect of the senior managers of the NHS body. The definition of a senior manager is:

"Those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

For the purposes of this report, this covers the Trust's Non-executive Directors, executive directors and associate directors.

Remuneration report

Details of Board directors' remuneration and pensions follow.

A) Remuneration

2013-14

Name and title	(a) Salary (bands of £5,000)	(b) Expense payments (taxable) total to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	(d) Long term performance pay and bonuses (bands of £5,000)	(e) All pension- related benefits (bands of £2,500)	(f) TOTAL (a to e)
J Kelly - Chief Executive	140-145				0	140-45
C Mills - Director of Nursing (1)	70-75				32.5-35	105-110
K Marsh - Interim Director of Nursing (4)					0	
A Robinson - Director of Finance and IMT	130-135				27.5-30	160-165
K Lyons - Director of Operations	105-110				22.5-25	130-135
A Diamond - Medical Director	105-110				7.5-10	110-115
I Roy - Director of Facilities	85-90				20-22.5	110-115
M Bignell - Director of Workforce and Organisational Development (2)	75-80				37.5-40	115-20
D Allcorn - Interim Director of Workforce and Organisational Development (3)	20-25				0	20-25
A Ibbs - Commercial Director	100-105				(30-32.5)	70-75
R French - Chairman	15-20				0	15-20
J Reynolds - Non-executive Director	5-10				0	5-10
P Geen - Non-executive Director	5-10				0	5-10
C Snow - Non-executive Director	5-10				0	5-10
N Lewis - Non-executive Director	5-10				0	5-10
T Douglas-Riley - Non Executive Director	5-10				0	5-10
S Davidson-Grant - Non-Executive Director (5)	0-5				0	0-5

2012-13

Name and title	(a) Salary (bands of £5,000)	(b) Expense payments (taxable) total to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	(d) Long term performance pay and bonuses (bands of £5,000)	(e) All pension- related benefits (bands of £2,500)	(f) TOTAL (a to e)
J Kelly - Chief Executive	135-140				0	140-45
C Mills - Director of Nursing (1)	90-95				20-22.5	105-110
K Marsh - Interim Director of Nursing (4)					0	
A Robinson - Director of Finance and IMT	130-135				20-22.5	160-165
K Lyons - Director of Operations	105-110				10-12.5	130-135
A Diamond - Medical Director	105-110				20-22.5	110-115
I Roy - Director of Facilities	85-90				22.5-25	110-115
M Bignell - Director of Workforce and Organisational Development (2)	85-90				10-12.5	115-20
D Allcorn - Interim Director of Workforce and Organisational Development (3)						20-25
A Ibbs - Commercial Director	50-55					70-75
R French – Chairman	15-20					15-20
J Reynolds - Non-executive Director	5-10					5-10
P Geen - Non-executive Director	5-10					5-10
C Snow - Non-executive Director	5-10					5-10
N Lewis - Non-executive Director	5-10					5-10
T Douglas-Riley - Non Executive Director	0-5					5-10
S Davidson-Grant - Non-Executive Director (5)						0-5

(1) The Director of Nursing left on 31 December 2013

(2) The Director of Workforce and Organisational Development left on 17 January 2014

(3) The Interim Director of Workforce and Organisational Development commenced on 20 January 2014

(4) The Interim Director of Nursing commenced on 3 March 2014

(5) The non-executive director commenced on 01 August 2013 and left on 29 February 2014

B) Pension benefits

Name and title	2013-14										2012-13									
	Real increase in pension lump sum at age 60 (bands of £2500) £000	Real increase in pension lump sum at age 60 (bands of £2500) £000	Total accrued pension at age 60 at 31 March 2014 (bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2014 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2014 £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension To nearest £100	Real increase in pension at age 60 (bands of £2500) £000	Real increase in pension at age 60 (bands of £2500) £000	Total accrued pension at age 60 at 31 March 2013 (bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension To nearest £100				
C Mills - Director of Nursing	0-2.5	2.5-5	35-40	105-110	598	545	11	0-2.5	2.5-5	30-35	95-100	545	500	9						
A Robinson - Director of Finance and IMT	0-2.5	2.5-5	35-40	110-115	743	683	12	0-2.5	2.5-5	30-35	100-105	683	626	11						
K Lyons - Director of Operations	0-2.5	2.5-5	30-35	90-95	465	429	7	0-2.5	0-2.5	25-30	85-90	429	396	6						
A Diamond - Medical Director	0-2.5	0-2.5	50-55	160-165	998	943	8	0-2.5	2.5-5	50-55	155-160	943	873	13						
I Roy - Director of Facilities	0-2.5	2.5-5	35-40	105-110	713	661	10	0-2.5	0-2.5	30-35	100-105	661	619	7						
M Bignell - Director of Workforce and Organisational Development	0-2.5	2.5-5	15-20	55-60	420	376	10	0-2.5	0-2.5	15-20	50-55	376	343	7						
D Allcorn - Interim Director of Workforce and Organisational Development (7)		0.00	15-20	40-45	201	0	0													
A Ibbes - Commercial Director	(0-2.5)	(2.5-5)	25-30	85-90	489	488	0			25-30	85-90	488	0	0						

Notes

- (1) The Chief Executive does not receive pensionable remuneration.
- (2) As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.
- (3) For directors employed during the year, there is no corresponding data for the previous year to reflect movements
- (4) A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.
- (5) Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.
- (6) The Trust pension values are recorded using Consumer Price Index (CPI) rather than Retail Price Index (RPI) in previous years.
- (7) Prior year figures not available.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Northern Devon Healthcare Trust in the financial year 2013-14 was £140,000-£145,000 (2012-13 £135,000-£140,000) This was 5.8 (2012-13 5.6) times the median remuneration of the workforce which was £25,000 (2012-13, £25,000)

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

The multiple has changed this year due to an increase in pay of the highest paid director.

Non-executive directors

The dates of contracts and unexpired terms of office for the non-executive directors (NEDs) are as follows:

Name	Appointment start date	Appointment end date
Roger French (Chairman)	01.02.11	31.01.15
Jane Reynolds (NED)	01.06.07	31.05.15
Pauline Geen (NED)	03.12.11	02.02.15
Chris Snow (NED)	01.08.11	31.07.15
Nick Lewis (NED)	01.08.11	31.07.15
Dr T Douglas-Riley (NED)	01.07.12	30.06.15
S Davidson-Grant (NED)	01.08.13	28.02.14

Non-executive directors are paid an allowance for their work on the Board and do not hold a contract of employment with the Trust. There is no period of notice required for non-executive directors and their appointment is organised by the NHS Trust Development Authority.

Executive directors and associate directors

Name	Position	Contract Type	Start Date	Employment status
Jac Kelly	Chief Executive	Fixed Term	16.10.06	Contract was made substantive with effect from 09.01.12
Carolyn Mills	Director of Nursing	Permanent	08.08.05	Contract was ended on 31.12.13
Kevin Marsh	Interim Director of Nursing		03.03.14	
Andy Robinson	Director of Finance and Performance	Permanent	15.11.06	
Kate Lyons	Director of Operations	Permanent	01.06.10	
Alison Diamond	Medical Director	Permanent	01.10.06	
Ian Roy	Director of Facilities	Permanent	19.04.99	
Maureen Bignell	Director of Workforce and Organisational Development	Permanent	01.10.06	Resigned on 17.01.14
Darren Allcorn	Interim Director of Workforce and Organisational Development		20.01.14	
Andy Ibbs	Commercial Director	Permanent	01.10.12	

Head of Internal Audit Opinion

on the effectiveness of the system of internal control at
Northern Devon Healthcare NHS Trust for the year ended 31 March 2014

Roles and Responsibilities

The whole Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the governance framework of the organisation including the board's committee structure, the structure and use of the Board Assurance Framework, as assessment of the board's effectiveness and its compliance with the Corporate Governance Code;
- how risk is assessed and managed including a description of the risk management and review processes;
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control deficiencies together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's Assurance Framework should bring together all of the evidence required to support the Annual Governance Statement requirements.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Assurance Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Assurance Framework. As such, it is one component that the Board takes into account in making its Annual Governance Statement.

The Head of Internal Audit Opinion

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement, and may also be taken into account by the Care Quality Commission in relation to compliance with Outcomes.

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;
3. Commentary.

My **overall opinion** is that

Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

The **basis** for forming my opinion is as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses;
3. Any reliance that is being placed upon third party assurances.

The **commentary** below provides the context for my opinion and together with the opinion should be read in its entirety.

The CQC inspected the Trust using the previous inspection regime of reviewing five Outcomes on 9th and 10th December 2013 and published its findings in a report in January 2014. The Trust met the standard for four of the five Outcomes. An action plan is in place to address the concern raised regarding resuscitation orders (Outcome 2).

Our audits this year have confirmed that core corporate and financial systems continue to operate effectively, and have adapted to the changing environment within the Trust.

Internal Audit's work has been taken forward in three broad categories (Assurance Framework, Financial Assurance and Corporate Assurance). The following descriptions summarise the opinions and assurances from the reviews undertaken in these areas.

Assurance Framework - Corporate Governance and Risk Management

Internal Audit completed reviews on the following Assurance Framework areas of the Trust:

Audit	Assurance Rating	Impact Assessment
Performance Management (Pressure Ulcers)	Amber	Medium
Governance Arrangements for Membership	Green	Low
Care Quality Commission	Green	Low
Principal Risk and Assurance Register/ Risk Management	Green	Low

In relation to the reviews noted above, the following comments are made:

Performance Management – January 2014

The Trust has appropriate policies and training in place with respect to pressure ulcers. Our work suggested that improvements should be made in the following areas:

- working knowledge of Trust pressure ulcers policies;
- knowledge of identifying the different grades of pressure ulcers; and
- coding and incident reporting.

Care Quality Commission Compliance – February 2014

Our review found that the Trust has been proactive in its preparations for the new inspection regime and has ensured that it is up-to-date with the changes that the CQC are proposing. These preparations should stand the Trust in good stead with regards to compliance with the new CQC inspection regime. Senior level management has been kept informed of the changes to the Trust's response to the new CQC regime through reports to the Quality Assurance Committee.

Reporting to the Trust Board is robust and ensures that senior management and members of the public are kept fully informed of the Trust's liaison with the Care Quality Commission and the on-going plans to ensure compliance with the CQC's new inspection regime.

Principal Risk and Assurance Register/ Risk Management – April 2014

These two areas were combined this year. The Trust's PRAR has been developed in line with the Department of Health guidelines as prescribed in 'Building the Assurance Framework: A practical guide for NHS Boards'. The Register is presented at Board and core committees alongside the PRAR Action Plan. There has been robust challenge of the content of both documents during the meetings.

We can confirm from our review of the Trust's Risk Management Strategy and Policy that both are fit for purpose and have been appropriately reviewed. Additionally, the Trust's risk management arrangements meet the requirements of national risk management standards, in respect of risk management strategy, process, committees and risk registers.

Financial Assurance

Internal Audit completed reviews on the following financial areas of the Trust:

Audit	Assurance Rating	Impact Assessment
Cash & Bank	Green	Low
Payroll	Green	Low
DoF Advisory Work (Employee Loan)	n/a*	n/a*
DoF Advisory Work (Sidmouth Charitable Fund)	n/a*	n/a*

* No opinion was presented for this review due to the nature of the work completed.

Audit work has been undertaken during the year on the core financial systems of the Trust although not all these audits have been finalised at the date of this statement, reviews have concluded, overall, that the current systems in place represent a low risk to the Trust and that positive assurance can be provided that the systems in place are operating satisfactorily.

High Level Financial Controls

This work is currently being completed and this opinion will be updated once this work is complete. However, we do not anticipate any significant issues arising from this which would impact upon this opinion.

Cost Improvement Programme and Charitable Funds

Following work by KPMG on the Trust's Cost Improvement Programmes and Grant Thornton's work on Charitable Funds this year, we did not undertake work in these areas and therefore our Financial Assurance does not include an opinion on these areas.

ISAE3402 Third Party Assurance report in respect of IT General Controls in respect of the Electronic Staff Record (ESR)

Awaiting the 2013/14 Independent Service Auditor’s report in respect of the general control operated by McKesson UK in relation to the national Electronic Staff Record.

Corporate Assurance

Internal Audit has completed reviews on the following corporate areas of the Trust:

Audit	Assurance Rating		Impact Assessment	
	Red	Green	High	Low
Information Governance Toolkit	Red	Green	High	Low
IG Requirement 604	Amber		Medium	
Infection Control	Amber		Medium	
Medical Annual Leave	Amber		Medium	
Blood/ Blood Products	Amber		Medium	
Glaucoma Patients Follow-up	Amber		Medium	
Diagnostics Waiting Times	Amber		Low	
Medical On-Call	Green		Low	
Discharge Planning	Green		Low	
Continuing Healthcare Funding	*Draft		*Draft	
Drugs Management (Ward Level)	*Draft		*Draft	

Information Governance Toolkit – High/ Low – March 2014

Our review of the Information Governance Toolkit indicated that there was still a significant amount of work to be completed by the Trust for the majority of the requirements reviewed to ensure that Level 2 is met. Our review identified a number of points to be addressed by the IG Management Team including:

- all 19 IGT requirements reviewed failed to achieve a Level 2 rating; and
- supporting documentation is not up to date;

We concluded that if the work was completed by the time the toolkit was submitted to the Department of Health, on 31st March 2014, the risk would move to low.

IG Requirement 604 – Medium – March 2014

We performed a review of the IGT Requirement 604, using the standard auditing template provided within the Toolkit to review a sample of manual and electronic records within the following four corporate departments:

- Corporate Governance;
- Procurement;
- Finance; and
- Workforce Development.

Our review has indicated that the records management processes require improvements in order for the Trust to achieve Level 2 compliance with Information Governance Requirement 604.

Infection Control – Medium – December 2013

In the main, infection control is well-designed with appropriate policies and monitoring in place. The Trust holds a register of evidence against each of the nine Hygiene Code criteria, however this requires updating. We identified several areas for improvement which, if addressed, will provide clearer evidence that the Trust complies with the Hygiene Code Criteria including:

- review of overdue policies and procedures; and
- improved documentation for infection control assessments

Medical Annual Leave – Medium – September 2013

Our review of annual leave for medical consultants identified non-compliance with the Trust’s Annual Leave Policy for Medical and Dental Staff and poor record keeping.

We made a number of recommendations that will help ensure that the system of requesting, authorising, recording and reconciling medical annual leave is in line with policy. The E-Rostering system will resolve all of the issues raised in this review, as thresholds and authorisation parameters will be set and amendments will only be required for starters, leavers and those where entitlements have changed.

Blood/ Blood Products – Medium – January 2014

Whilst the majority of processes and controls within the blood/blood products system are working as intended and a good level of assurance is being provided to the Hospital Transfusion Committee, overall we found that traceability processes currently in place could be improved.

Glaucoma Patients Follow-up – Medium – March 2014

Overall, we concluded that there is evidence of a thorough review underway to improve the glaucoma service for patients and noted that resource pressures have made it difficult to progress this at a faster pace. Once completed the major service review should reap benefits for the Trust and patients. We made suggestions to ensure the Trust can evidence meeting all aspects of the NPSA six-point recommendations.

Other Work

In addition to the reviews noted above, at the date of this opinion, a number of audits are at draft report stage/being completed as follows:

Audits at draft report stage

- Drugs Management (Ward Level); and
- Continuing Health Care Process.

Audits being completed

- Additional Claims;
- ComPAS Tablets;
- IT Service Desk;
- Controlled Drugs;
- High Level Financial Controls;
- Community Hospital Admission Criteria;
- Doctor Revalidation;
- NHS Professionals;
- Qualifications and Registrations;
- Medical Records;
- Emergency Planning;
- Junior Doctors Working Time Directive; and
- Compliance with Sickness Absence Policy.

Whilst a number of control issues and recommendations may be reported as a result of these reviews, we do not envisage any fundamental matters that may impact upon this opinion statement at this time.

Jenny McCall
Director of Audit

Accounts 2013-14

Trust name:	Northern Devon Healthcare NHS Trust
This year:	2013-14
Last year:	2012-13
This year ended:	31 March 2014
Last year ended:	31 March 2013
This year commencing:	1 April 2013
Last year commencing:	1 April 2012

Foreword to the account

These accounts for the year ended 31 March 2014 have been prepared by the Northern Devon Healthcare NHS Trust under section 232 (Schedule 15, 3(1)) of the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

Independent auditors' report to the directors of northern devon healthcare nhs trust

We have audited the financial statements of Northern Devon Healthcare NHS Trust for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers and related narrative notes
- the table of pension benefits of senior managers and related narrative notes
- the table of pay multiples and related narrative notes

This report is made solely to the Board of Directors of Northern Devon Healthcare NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited

Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Northern Devon Healthcare NHS Trust as at 31 March 2014 and of its expenditure and income for the year then ended
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Trust Development Authority's Guidance
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Trust and auditors

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Trust has proper arrangements for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that in all significant respects Northern Devon Healthcare NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality account. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Elizabeth Cave
 Director for and on behalf of Grant Thornton UK LLP,
 Appointed Auditor
 Grant Thornton
 Hartwell House
 55-61 Victoria Street
 Bristol
 BS1 6FT

Statement of Comprehensive Income for year ended 31 March 2014

	NOTE	2013-14 £000s	2012-13 £000s
Gross employee benefits	10.1	(150,605)	(146,009)
Other operating costs	8	(71,097)	(73,902)
Revenue from patient care activities	5	213,237	207,834
Other Operating revenue	6	12,550	12,846
Operating surplus/(deficit)		4,085	769
Investment revenue	12	17	16
Other gains and (losses)	13	(2)	0
Finance costs	14	(1,047)	(15)
Surplus/(deficit) for the financial year		3,053	770
Public dividend capital dividends payable		(1,912)	(1,822)
Transfers by absorption - gains		0	0
Transfers by absorption - (losses)		0	0
Net Gain/(loss) on transfers by absorption		0	0
Retained surplus/(deficit) for the year		1,141	(1,052)
Other Comprehensive Income		2013-14 £000s	2012-13 £000s
Impairments and reversals taken to the Revaluation Reserve		1,138	69
Net gain/(loss) on revaluation of property, plant & equipment		7,639	141
Net gain/(loss) on revaluation of intangibles		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Other gain/(loss) (explain in footnote below)		0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0
Net actuarial gain/(loss) on pension schemes		0	0
Other Pension Remeasurements		0	
Reclassification Adjustments			
On disposal of available for sale financial assets		0	0
Total Comprehensive Income for the year*		9,918	(842)
Financial performance for the year			
Retained surplus/(deficit) for the year		1,141	(1,052)
Prior period adjustment to correct errors and other performance adjustments		0	0
IFRIC 12 adjustment (including IFRIC 12 impairments)		167	22
Impairments (excluding IFRIC 12 impairments)		1,340	3,288
Adjustments in respect of donated gov't grant asset reserve elimination [if required]		(408)	(53)
Adjustment re Absorption accounting		0	0
Adjusted retained surplus/(deficit)		2,240	2,205
PDC dividend: balance receivable/(payable) at 31 March 2014		(194)	
PDC dividend: balance receivable/(payable) at 1 April 2013		90	

Blank boxes are shown in grey where no figures are expected to be entered.

The notes on pages 8 to 47 form part of this account.

Statement of Financial Position as at 31 March 2014

	NOTE	31 March 2014 £000s	31 March 2013 £000s
Non-current assets:			
Property, plant and equipment	15	131,235	55,367
Intangible assets	16	2,429	1,680
Investment property	18	0	0
Other financial assets		0	0
Trade and other receivables	22.1	9820	973
Total non-current assets		134,646	58,020
Current assets:			
Inventories	21	2,627	2,676
Trade and other receivables	22.1	10,197	13,809
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	3,602	3,786
Total current assets		16,426	20,271
Non-current assets held for sale	27	0	0
Total current assets		16,426	20,271
Total assets		151,072	78,291
Current liabilities			
Trade and other payables	28	(17,419)	(21,341)
Other liabilities	29	0	0
Provisions	35	(521)	(331)
Borrowings	30	(286)	(17)
Other financial liabilities	31	0	0
Working capital loan from Department	30	0	0
Capital loan from Department	30	0	(500)
Total current liabilities		(18,226)	(22,189)
Net current assets/(liabilities)		(1,800)	(1,918)
Non-current assets plus/less net current assets/liabilities		132,846	56,102
Non-current liabilities			
Trade and other payables	28	0	0
Other Liabilities	31	0	0
Provisions	35	(30)	0
Borrowings	30	(8,613)	0
Other financial liabilities	30	0	0
Working capital loan from Department	30	0	0
Capital loan from Department	30	0	0
Total non-current liabilities		(8,643)	0
Total Assets Employed:		124,203	56,102
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		54,591	57,717
Retained earnings		39,672	(5,298)
Revaluation reserve	15.1	29,940	3,683
Other reserves		0	0
Total Taxpayers' Equity:		124,203	56,102

The notes on pages 8 to 47 form part of this account.

The financial statements on pages 4 to 47 were approved by the Board on 5 June 2014 and signed on its behalf by:

Chief Executive:

Date:

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2013	57,717	(5,298)	3,683	0	56,102
Changes in taxpayers' equity for 2013-14					
Retained surplus/(deficit) for the year		1,141			1,141
Net gain / (loss) on revaluation of property, plant, equipment			7,639		7,639
Net gain / (loss) on revaluation of intangible assets			0		
Net gain / (loss) on revaluation of financial assets			0		
Net gain / (loss) on revaluation of available for sale financial assets			0		
Impairments and reversals			1,138		
Other gains/(loss) (provide details below)				0	
Transfers between reserves		1,177	(1,177)	0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs		61,303			61,303
Transfers under Modified Absorption Accounting - Other Bodies		0			0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between Revaluation Reserve & Retained Earnings in respect of assets transferred under absorption		0	0		0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received - Cash	389				389
New PDC Received/(Repaid) - PCTs and SHAs Legacy items paid for by	(3,515)				(3,515)
Department of Health					
PDC Repaid In Year	0				
PDC Written Off	0				
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements	0	6	0	0	6
Net Actuarial Gain/(Loss) on Pension				0	0
Other Pensions Remeasurement				0	0
Net recognised revenue/(expense) for the year	(3,126)	63,627	7,600	0	68,101
Transfers between reserves in respect of modified absorption - PCTs & SHAs		(18,657)	18,657	0	0
Transfers between reserves in respect of modified absorption - Other Bodies		0	0	0	0
Balance at 31 March 2014	54,591	39,672	29,940	0	124,203
Balance at 1 April 2012	57,717	(4,246)	3,473	0	56,944
Changes in taxpayers' equity for the year ended 31 March 2013					
Retained surplus/(deficit) for the year		(1,052)			(1,052)
Net gain / (loss) on revaluation of property, plant, equipment			141		141
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			69		69
Movements in other reserves				0	0
Transfers between reserves		0	0	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between Revaluation Reserve & Retained Earnings Reserve in respect of assets transferred under absorption		0	0		0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	0				0
PDC Repaid In Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension				0	0
Net recognised revenue/(expense) for the year	0	(1,052)	210	0	(842)
Balance at 31 March 2013	57,717	(5,298)	3,683	0	56,102

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2014

NOTE	2013-14 £000s	2012-13 £000s
Cash Flows from Operating Activities		
Operating Surplus/(Deficit)	4,085	769
Depreciation and Amortisation	8,392	5,201
Impairments and Reversals	1,340	3,288
Other Gains/(Losses) on foreign exchange	0	0
Donated Assets received credited to revenue but non-cash	0	0
Government Granted Assets received credited to revenue but non-cash	0	0
Interest Paid	(1,047)	(15)
Dividend (Paid)/Refunded	(1,628)	(1,554)
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	49	(75)
(Increase)/Decrease in Trade and Other Receivables	7,193	(2,789)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	(4,256)	4,327
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(282)	(22)
Increase/(Decrease) in Provisions	502	316
Net Cash Inflow/(Outflow) from Operating Activities	14,348	9,446
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	17	16
(Payments) for Property, Plant and Equipment	(9,340)	(7,696)
(Payments) for Intangible Assets	(1,299)	(1,231)
(Payments) for Investments with DH	0	0
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	10	300
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Investment with DH	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Proceeds from the disposal of Financial Assets (LIFT)	0	0
Loans Made in Respect of LIFT	0	0
Loans Repaid in Respect of LIFT	0	0
Rental Revenue	0	0
Net Cash Inflow/(Outflow) from Investing Activities	(10,612)	(8,611)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	3,736	835
CASH FLOWS FROM FINANCING ACTIVITIES		
Public Dividend Capital Received	389	0
Public Dividend Capital Repaid	(3,515)	0
Loans received from DH - New Capital Investment Loans	0	0
Loans received from DH - New Revenue Support Loans	0	0
Other Loans Received	0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal	(500)	(500)
Loans repaid to DH - Revenue Support Loans	0	0
Other Loans Repaid	0	0
Cash transferred to NHS Foundation Trusts	0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(294)	(16)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)	0	0
Net Cash Inflow/(Outflow) from Financing Activities	(3,920)	(516)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(184)	319
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	3,786	3,467
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	3,602	3,786

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2013-14 NHS Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is 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 particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE/SOCNI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury has agreed that a modified absorption approach should be applied.

For these transactions only, gains and losses are recognised in reserves rather than the SOCNE/SOCNI.

1.4 Charitable Funds

For 2013-14, the divergence from the FReM that NHS Charitable Funds are not consolidated with NHS Trust's own returns is removed. Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

In accordance with IAS1 Presentation of Financial Statements the Trust has reviewed the accounts of its NHS Charitable Fund and deemed it not material to be consolidated within the Trust's own accounts. Details of the charity and its transactions are shown at Note 45.

1.5 Pooled Budgets

The Trust does not have any pooled budget arrangements.

1.6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.6.1 Critical judgements in applying accounting policies

The Trust has not made any specific critical judgements, apart from those involving estimations based on historical factors and other relevant information

1.6.2 Key sources of estimation uncertainty

The Trust does not have any areas of estimations uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay compared to total expected costs.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.8 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.9 Other expenses

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

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is 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
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- 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.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

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 impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

HM Treasury 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.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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 that does not result from a loss of economic value or service potential 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. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

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

1.11 Intangible assets

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. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are

recognised if, and only if, all of the following have been demonstrated:

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

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.12 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and 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. 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. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its

amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential 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. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.

AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.13 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.14 Government grants

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.15 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. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are

measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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

1.16 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 and individually assessed as to whether they are operating or finance leases.

The Trust as lessor

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

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

1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.18 Inventories

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

1.19 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.20 Provisions

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 HM Treasury's discount rate of 0.4% in real terms 2.35% for employee early departure obligations).

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.

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.

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust'. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 35.

1.22 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.23 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and

otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.24 Contingencies

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

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

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

1.25 Financial assets

Financial assets are recognised 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 derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

The Trust has no material contracts that contain embedded derivatives

Held to maturity investments

The Trust has no held to maturity investments

Available for sale financial assets

The Trust has no available for sale financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly

1.26 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.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

The Trust has no financial guarantee contract liabilities

Financial liabilities at fair value through profit and loss

The Trust has no material contract liabilities that contain embedded derivatives

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.27 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.28 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.29 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 44 to the accounts.

1.30 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets, net assets transferred from NHS bodies dissolved on 1 April 2013 and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

1.31 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 Subsidiaries

The Trust has no subsidiaries

1.33 Associates

The Trust has no associates

1.34 Joint ventures

The Trust has no joint ventures

1.35 Joint operations

The Trust has no joint operations

1.36 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCNE/SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.37 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

IAS 27 Separate Financial Statements - subject to consultation

IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation

IFRS 11 Joint Arrangements - subject to consultation

IFRS 12 Disclosure of Interests in Other Entities - subject to consultation

IFRS 13 Fair Value Measurement - subject to consultation

IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Pooled budget

The trust has no pooled budget arrangements

3. Operating segments

The Trust has considered the requirements in IFRS8 for segmental analysis. Having reviewed the operating segments reported internally to the Board, the Trust is satisfied that it is appropriate to aggregate these as, in accordance with IFRS8: Operating Segments, they are similar in each of the following aspects:

- The nature of the products and services;
- The nature of the production processes;
- The type of customer for their products and services;
- The methods used to distribute their products or provide their services; and
- The nature of the regulatory environment.

The trust therefore has just one segment, "healthcare".

	Healthcare		Total	
	2013-14 £000s	2012-13 £000s	2013-14 £000s	2012-13 £000s
Income	<u>225,787</u>	<u>220,680</u>	<u>225,787</u>	<u>220,680</u>
Surplus/(Deficit) Segment surplus/(deficit) Common costs	<u>(222,734)</u>	<u>(219,910)</u>	<u>(222,734)</u>	<u>(219,910)</u>
Surplus/(deficit) before interest	<u>3,053</u>	<u>770</u>	<u>3,053</u>	<u>770</u>
Net Assets: Segment net assets	<u>124,203</u>	<u>56,102</u>	<u>124,203</u>	<u>56,102</u>

4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care.

The Trust does not undertake any activities where the full costs exceed £1m.

5. Revenue from patient care activities

	2013-14 £000s	2012-13 £000s
NHS Trusts	43	759
NHS England	15,128	0
Clinical Commissioning Groups	187,969	0
Primary Care Trusts		200,674
Strategic Health Authorities		0
NHS Foundation Trusts	496	513
Department of Health	0	0
NHS Other (including Public Health England and Prop Co)	0	0
Non-NHS:		
Local Authorities	8,746	4,313
Private patients	315	363
Overseas patients (non-reciprocal)	10	0
Injury costs recovery	461	568
Other	69	644
Total Revenue from patient care activities	213,237	207,834

Due to structural changes in the NHS with effect from 1 April 2013, activities previously commissioned by Primary Care Trusts and now commissioned by NHS England, Clinical Commissioning Groups and Local Authorities.

Totals from these organisations	<u>211,843</u>	<u>204,987</u>
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6. Other operating revenue

	2013-14 £000s	2012-13 £000s
Recoveries in respect of employee benefits	931	746
Patient transport services	0	0
Education, training and research	3,588	4,582
Charitable and other contributions to revenue expenditure - NHS	0	0
Charitable and other contributions to revenue expenditure -non- NHS	153	148
Receipt of donations for capital acquisitions	975	176
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	4,346	3,658
Income generation	884	1,070
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue	1,673	2,466
Total Other Operating Revenue	12,550	12,846
Total operating revenue	225,787	220,680

7. Revenue

	2013-14 £000s	2012-13 £000s
From rendering of services	224,903	219,610
From sale of goods	884	1,070
	<u>225,787</u>	<u>220,680</u>

8. Operating expenses

	2013-14 £000s	2012-13 £000s
Services from other NHS Trusts	779	602
Services from CCGs/NHS England	0	
Services from other NHS bodies	0	0
Services from NHS Foundation Trusts	4,608	5,652
Services from Primary Care Trusts		127
Total Services from NHS bodies	5,387	6,381
Purchase of healthcare from non-NHS bodies	0	0
Trust Chair and Non-executive Directors	54	54
Supplies and services - clinical	29,126	27,301
Supplies and services - general	6,929	7,034
Consultancy services	338	510
Establishment	4,920	4,224
Transport	1,125	1,040
Premises	8,825	14,478
Hospitality	51	
Insurance	0	
Legal Fees	0	
Impairments and Reversals of Receivables	47	27
Inventories write down	0	0
Depreciation	7,577	4,817
Amortisation	815	384
Impairments and reversals of property, plant and equipment	1,340	3,288
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Impairments and reversals of investment properties		0
Audit fees	88	88
Other auditor's remuneration	0	0
Clinical negligence	2,602	2,597
Research and development (excluding staff costs)	0	0
Education and Training	659	492
Change in Discount Rate	0	0
Other	1,214	1,187
Total Operating expenses (excluding employee benefits)	71,097	73,902
Employee Benefits		
Employee benefits excluding Board members	149,560	145,069
Board members	1,045	940
Total Employee Benefits	150,605	146,009
Total Operating Expenses	221,702	219,911

8.1 Analysis of Depreciation and Amortisation

Depreciation on owned assets	7,012	4,695
Depreciation on donated assets	565	122
	7,577	4,817
Amortisation on owned assets	813	383
Amortisation on donated assets	2	1
	815	384
Total of depreciation and amortisation on owned assets	7,825	5,078
Total of depreciation and amortisation on donated assets	567	123
	8,392	5,201

9. Operating Leases

9.1 Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2013-14 Total £000s	2012-13 £000s
Payments recognised as an expense					
Minimum lease payments				307	4,932
Contingent rents				0	0
Sub-lease payments				0	0
Total				307	4,932
Payable:					
No later than one year	0	0	328	328	30
Between one and five years	0	0	326	326	184
After five years	0	0	0	0	0
Total	0	0	654	654	214
Total future sublease payments expected to be received:				0	0

9.2 Trust as lessor

The Trust has no lessor agreements.

10. Employee benefits and staff numbers

10.1 Employee benefits

	2013-14		
	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	128,687	116,563	12,124
Social security costs	9,562	9,276	286
Employer Contributions to NHS BSA - Pensions Division	14,122	13,699	423
Other pension costs	34	34	0
Termination benefits	0	0	0
Total employee benefits	152,405	139,572	12,833
Employee costs capitalised	1,800	1,692	108
Gross Employee Benefits excluding capitalised costs	150,605	137,880	12,725

	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure 2012-13			
Salaries and wages	125,595	115,285	10,310
Social security costs	8,001	7,775	226
Employer Contributions to NHS BSA - Pensions Division	13,944	13,550	394
Other pension costs	36	36	0
Termination benefits	19	19	0
TOTAL - including capitalised costs	147,595	136,665	10,930
Employee costs capitalised	1,586	1,545	41
Gross Employee Benefits excluding capitalised costs	146,009	135,120	10,889

10.2 Staff Numbers

	2013-14			2012-13
	Total Number	Permanently employed Number	Other Number	Total Number
Average Staff Numbers				
Medical and dental	291	251	40	284
Ambulance staff	2	2	0	0
Administration and estates	646	625	21	644
Healthcare assistants and other support staff	1,203	1,052	152	1,168
Nursing, midwifery and health visiting staff	1,203	1,114	107	1,162
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	540	521	19	521
Social Care Staff	0	0	0	0
Other	0	0	0	0
TOTAL	3,902	3,563	339	3,779
Of the above - staff engaged on capital projects	44	41	3	41

10.3 Staff Sickness absence and ill health retirements

Total Days Lost	2013-14 Number	2012-13 Number
Total Staff Years	31,153	30,236
Average working Days Lost	3,540	3,344
	8.80	9.04
Number of persons retired early on ill health grounds	2013-14 Number	2012-13 Number
	11	5
Total additional pensions liabilities accrued in the year	£000s	£000s
	712	240

10.4 Exit Packages agreed in 2013-14

2013-14

Exit package cost band (including any special payment element)	*Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages		Number of departures where special payments have been made	Cost of special payment element included in exit packages
	WHOLE NUMBERS ONLY	*Cost of compulsory redundancies £s	WHOLE NUMBERS ONLY	Cost of other departures agreed £s	WHOLE NUMBERS ONLY	Total cost of exit packages £s		
Less than £10,000	4	17,191	4	25,976	8	43,167	0	0
£10,000-£25,000	4	65,729	1	17,079	5	82,808	0	0
£25,001-£50,000	5	179,750	2	68,825	7	248,575	0	0
£50,001-£100,000	1	59,480	0	0	1	59,480	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total number of exit packages by type (total cost)	14	322,150	7	111,880	21	434,030	0	0

2013-14

Exit package cost band (including any special payment element)	*Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages		Number of departures where special payments have been made	Cost of special payment element included in exit packages
	WHOLE NUMBERS ONLY	*Cost of compulsory redundancies £s	WHOLE NUMBERS ONLY	Cost of other departures agreed £s	WHOLE NUMBERS ONLY	Total cost of exit packages £s		
Less than £10,000	1	7,250	0	0	1	7,250	0	0
£10,000-£25,000	1	11,607	0	0	1	11,607	0	0
£25,001-£50,000	0	0	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total number of exit packages by type (total cost)	2	18,857	0	0	2	18,857	0	0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

10.5 Exit packages - Other Departures analysis

	2013-14		2012-13	
	Agreements Number	Total value of agreements £000s	Agreements Number	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual	7	112	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	0	0
Exit payments following Employment Tribunals or	0	0	0	0
Non-contractual payments requiring HMT approval	0	0	0	0
Total	7	112	0	0

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

As a single exit packages can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 10.4 which will be the number of individuals.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

10.6 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are

developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

11. Better Payment Practice Code

11.1 Measure of compliance

	2013-14 Number	2013-14 £000s	2012-13 Number	2012-13 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	62,597	66,980	57,138	58,816
Total Non-NHS Trade Invoices Paid Within Target	60,078	64,725	54,253	56,543
Percentage of NHS Trade Invoices Paid Within Target	95.98%	96.63%	94.95%	96.14%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,533	87,634	2,380	84,137
Total NHS Trade Invoices Paid Within Target	2,386	85,507	2,315	83,774
Percentage of NHS Trade Invoices Paid Within Target	94.20%	97.57%	97.27%	99.57%

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

11.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2013-14 £000s	2012-13 £000s
Amounts included in finance costs from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

12. Investment Revenue

	2013-14 £000s	2012-13 £000s
Rental revenue		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
Subtotal	<u>0</u>	<u>0</u>
Interest revenue		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	17	16
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Subtotal	<u>17</u>	<u>16</u>
Total investment revenue	<u>17</u>	<u>16</u>

13. Other Gains and Losses

	2013-14 £000s	2012-13 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	(2)	0
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0
Gain/(Loss) on disposal of Financial Assets other than held for sale	0	0
Gain (Loss) on disposal of assets held for sale	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through the SoCI	0	0
Change in fair value of financial liabilities carried at fair value through the SoCI	0	0
Change in fair value of investment property	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	<u>(2)</u>	<u>0</u>

14. Finance Costs

	2013-14 £000s	2012-13 £000s
Interest		
Interest on loans and overdrafts	6	14
Interest on obligations under finance leases	1	1
Interest on obligations under PFI contracts:		0
- main finance cost	693	0
- contingent finance cost	347	0
Interest on obligations under LIFT contracts:		0
- main finance cost	0	0
- contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Total interest expense	<u>1,047</u>	<u>15</u>
Other finance costs	0	0
Provisions - unwinding of discount	0	0
Total	<u>1,047</u>	<u>15</u>

15.1 Property, plant and equipment

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2013	172	2,025	230	(48)	1,293	0	0	11	3,683
TCS Asset Transfer Revaluation Reserve	5,787	12,870	0	0	0	0	0	0	18,657
Annual District Valuer Revaluation Exercise	915	7,843	(29)	48	0	0	0	0	8,777
Transfer between reserves for assets previously disposed	0	0	0	0	(1,170)	0	0	(7)	(1,177)
At 31 March 2014	6,874	22,738	201	0	123	0	0	4	29,940

At 1 April 2013

TCS Asset Transfer Revaluation Reserve

Annual District Valuer Revaluation Exercise

Transfer between reserves for assets previously disposed

At 31 March 2014

Additions to Assets Under Construction in 2013/14

Land	£000's0
Buildings excl Dwellings	0
Dwellings	1,871
Plant & Machinery	0
Balance as at YTD	1,871

Land

Buildings excl Dwellings

Dwellings

Plant & Machinery

Balance as at YTD

15.3 Property, plant and equipment

Various donors have funded assets during the year, including League of Friends of all hospitals and the Northern Devon Healthcare Trust Charitable Fund

All land and buildings are restated to current modern equivalent asset value using professional valuations in accordance with IAS16 every five years and in the intervening years by annual desk top exercise undertaken by the District Valuer, an arm of the Valuation Office, which is an executive agency of HM Revenue and Customs. A professional valuation from the District Valuer has been undertaken at the end of the year and the revaluation has been applied to all land and buildings. In 2013/14, the District Valuer undertook a desk top exercise on all land and buildings and this has resulted in a upward valuation of approximately £7.4m. The last full valuation was undertaken on 1st April 2010 and the next will be on 1st April 2015.

Of the land value £490,000 relates to land associated with dwellings.

On 1st April the Trust acquired assets via transfers under modified absorption accounting from the demise of NHS Devon on 31st March

2013. This included £66.746m of Property, Plant and Equipment as detailed in note 15.1 and £0.149m of intangibles as detailed in note 16.1.

Economic lives of fixed assets	Min life Years	Max life Years
Software Licences	5	5
Licences and trademarks	5	5
Development Expenditure	5	5
IT - in house & 3rd Party Software	5	5
Buildings exc dwellings	12	62
Dwellings	10	57
Plant & Machinery	5	15
Transport Equipment	7	7
Information Technology	3	5
Furniture and Fittings	10	10

Transfers under Modified Absorption Accounting - PCTs & SHAs

16.2 Intangible non-current assets prior year

2013-14	IT - in-house & 3rd party software £000's	Computer Licenses £000's	Licenses and Trademarks £000's	Patents £000's	Development Expenditure - Internally Generated £000's	Total £000's
Cost or valuation:						
At 1 April 2012	0	1,354	396	0	0	1,750
Additions - purchased	0	614	525	0	0	1,139
Additions - internally generated	0	0	0	0	92	92
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	(262)	(112)	0	0	(374)
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2013	<u>0</u>	<u>1,706</u>	<u>809</u>	<u>0</u>	<u>92</u>	<u>2,607</u>
Amortisation						
At 1 April 2012	0	730	187	0	0	917
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	(262)	(112)	0	0	(374)
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	283	97	0	4	384
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2013	<u>0</u>	<u>751</u>	<u>172</u>	<u>0</u>	<u>4</u>	<u>927</u>
Net book value at 31 March 2013	0	955	637	0	88	1,680
Net book value at 31 March 2013 comprises:						
Purchased	0	955	632	0	88	1,675
Donated	0	0	5	0	0	5
Government Granted	0	0	0	0	0	0
Total at 31 March 2013	<u>0</u>	<u>955</u>	<u>637</u>	<u>0</u>	<u>88</u>	<u>1,680</u>

17. Analysis of impairments and reversals recognised in 2013-14

	2013-14 Total £000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	1,340
Changes in market price	0
Total charged to Annually Managed Expenditure	1,340
Total Impairments of Property, Plant and Equipment changed to SoCI	1,340
Total Impairments charged to SoCI - DEL	0
Total Impairments charged to SoCI - AME	1,340
Overall Total Impairments	1,340
Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	27
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

The other impairment relates to the valuation of the Estate supplied by the District Valuer at year end as detailed in note 15.3.

18. Investment property

The Trust has no investment property.

19. Commitments

19.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2014 £000s	31 March 2013 £000s
Property, plant and equipment	2,649	0
Intangible assets	0	0
Total	2,649	0

19.2 Other financial commitments

The trust has not entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements),

	31 March 2014 £000s	31 March 2013 £000s
Not later than one year	0	0
Later than one year and not later than five year	0	0
Later than five years	0	0
Total	0	0

20. Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	5,045	0	5,562	0
Balances with Local Authorities	925	0	2	0
Balances with NHS bodies outside the Departmental Group	0	0	5	0
Balances with NHS Trusts and Foundation Trusts	893	0	577	0
Balances with Public Corporations and Trading Funds	0	0	115	0
Balances with bodies external to government	3,627	982	11,158	0
At 31 March 2014	10,490	982	17,419	0
prior period:				
Balances with other Central Government Bodies	7,620	0	8,990	0
Balances with Local Authorities	813	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	71	0
Balances with NHS Trusts and Foundation Trusts	1,238	0	2,788	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	4,138	973	9,492	0
At 31 March 2013	13,809	973	21,341	0

21. Inventories

	Drugs £000's	Consumables £000's	Work in Progress £000's	Energy £000's	Loan Equipment £000's	Other £000's	Total £000's
Balance at 1 April 2013	920	1,584	0	172	0	0	2,676
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0			0	0	
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	
Additions	12,332	15,281	0	50	0	0	27,663
Inventories recognised as an expense in the period	(12,332)	(15,286)	0	(94)	0	0	(27,712)
Write-down of inventories (including losses)	0	0	0	0	0	0	0
Reversal of write-down previously taken to SOCI	0	0	0	0	0	0	0
Transfers (to) Foundation Trusts	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0
Balance at 31 March 2014	920	1,579	0	128	0	0	2,627

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2014 £000's	31 March 2013 £000's	31 March 2014 £000's	31 March 2013 £000's
NHS receivables - revenue	5,647	8,566	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	0	0	0
Non-NHS receivables - revenue	1,786	3,097	1,166	1,111
Non-NHS receivables - capital	131	0	0	0
Non-NHS prepayments and accrued income	1,686	1,594	0	0
Provision for the impairment of receivables	(8)	(7)	(184)	(138)
VAT	866	291	0	0
Current/non-current part of PFI and other PPP arrangements				
Prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	89	268	0	0
Total	10,197	13,809	982	973
Total current and non current	11,179	14,782		
Included in NHS receivables are prepaid pension contributions:	0			

22.2 Receivables past their due date but not impaired

	31 March 2014 £000's	31 March 2013 £000's
By up to three months	213	2,053
By three to six months	206	89
By more than six months	678	643
Total	1,097	2,785

22.3 Provision for impairment of receivables

	31 March 2014 £000's	31 March 2013 £000's
Balance at 1 April 2013	(145)	(118)
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	
Transfers under Modified Absorption Accounting - Other Bodies	0	
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(47)	(27)
Transfer to NHS Foundation Trust	0	
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0
Balance at 31 March 2014	(192)	(145)

23. NHS LIFT investments

The Trust has no LIFT investments.

24. Other Financial Assets

24.1 Other Financial Assets - Current

The Trust has no other financial assets to report.

24.2 Other Financial Assets - Non Current

The Trust has no other financial non current assets to report.

25. Other current assets

The Trust has no other current assets to report.

26. Cash and Cash Equivalents

	31 March 2014 £000s	31 March 2013 £000s
Opening balance	3,786	3,467
Net change in year	(184)	319
Closing balance	3,602	3,786
Made up of		
Cash with Government Banking Service	3,590	3,775
Commercial banks	0	0
Cash in hand	12	11
Current investments	0	0
Cash and cash equivalents as in statement of financial position	3,602	3,786
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	3,602	3,786
Patients' money held by the Trust, not included above	2	2

27. Non-current assets held for sale

2013-14	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Intangible Assets	Financial Assets	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2013	0	0	0	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	0	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	8	0	0	0	0	8
Less assets sold in the year	0	0	0	0	0	(8)	0	0	0	0	(8)
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2014	0	0	0	0	0	0	0	0	0	0	0
Liabilities associated with assets held for sale at 31 March 2014	0	0	0	0	0	0	0	0	0	0	0
Balance at 1 April 2012	130	170	0	0	0	0	0	0	0	0	300
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0	0
Less assets sold in the year	(130)	(170)	0	0	0	0	0	0	0	0	(300)
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	0	0	0	0	0	0	0	0	0	0	0
Liabilities associated with assets held for sale at 31 March 2013	0	0	0	0	0	0	0	0	0	0	0

A small number of equipment assets were sold during the year.

28. Trade and other payables

	Current		Non-current	
	31 March 2014 £000s	31 March 2013 £000s	31 March 2014 £000s	31 March 2013 £000s
NHS payables - revenue	1,541	6,729	0	0
NHS payables - capital	0	23	0	0
NHS accruals and deferred income	0	0	0	0
Non-NHS payables - revenue	6,506	7,075	0	0
Non-NHS payables - capital	860	787	0	0
Non-NHS accruals and deferred income	2,281	954	0	0
Social security costs	1,268	1,275		
VAT	0	0	0	0
Tax	1,286	1,387		
Payments received on account	0	0	0	0
Other	3,677	3,111	0	0
Total	17,419	21,341	0	0
Total payables (current and non-current)	17,419	21,341		

Included above:

to Buy Out the Liability for Early Retirements Over 5 Years

number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	1,904	(1,841)

29. Other liabilities

The Trust has no other liabilities to report.

30. Borrowings

	Current		Non-current	
	31 March 2014 £000s	31 March 2013 £000s	31 March 2014 £000s	31 March 2013 £000s
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
Loans from Department of Health	0	500	0	0
Loans from other entities	0	0	0	0
PFI liabilities:				
Main liability	286	0	8,613	0
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	17	0	0
Other (describe)	0	0	0	0
Total	286	517	8,613	0
Total other liabilities (current and non-current)	8,899	517		

Loans - repayment of principal falling due in:

	31 March 2014 DH £000s	Other £000s	Total £000s
0-1 Years	0	286	286
1 - 2 Years	0	292	292
2 - 5 Years	0	874	874
Over 5 Years	0	7,447	7,447
TOTAL	0	8,899	8,899

31. Other financial liabilities

The Trust has no other financial liabilities to report.

32. Deferred revenue

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000s	£000s	£000s	£000s
Opening balance at 1 April 2013	348	615	0	0
Deferred revenue addition	1,057	354	0	0
Transfer of deferred revenue	(461)	(621)	0	0
Current deferred income at 31 March 2014	944	348	0	0
Total deferred income (current and non-current)	944	348		

Deferred income includes contributions towards the Chemotherapy Development, maternity pathways and audiology.

33. Finance lease obligations as lessee

Amounts payable under finance leases (Other)	Minimum lease payments		Present value of minimum	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000s	£000s	£000s	£000s
Within one year	0	17	0	17
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0		
Minimum Lease Payments / Present value of minimum lease payments	0	17	0	17
Included in:				
Current borrowings			0	17
Non-current borrowings			0	17
			0	17

34. Finance lease receivables as lessor

The Trust has no current lease obligations as a lessor.

35. Provisions

	Total	Early Departure Coasts	Legal Claims	Restructuring	Continuing Care	Early Pay (Incl. Agenda for Change)	Other	Redundancy
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2013	331	0	69	0	0	0	0	262
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	0	0
Arising During the Year	514	0	48	0	0	0	466	0
Utilised During the Year	(282)	0	(20)	0	0	0	0	(262)
Reversed Unused	(12)	0	(12)	0	0	0	0	0
Unwinding of Discount	0	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trusts (for Trusts becoming FTs only)	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
Balance at 31 March 2014	551	0	85	0	0	0	466	0
Expected Timing of Cash Flows:								
No Later than One Year	521	0	55	0	0	0	466	0
Later than One Year and not later than Five Years	30	0	30	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:
As at 31 March 2014 24,392
As at 31 March 2013 20,066

Legal Claims - relates to provisions for the member's excess due in Employer Liability cases as notified by the NHS Litigation Authority. The provision reflects the excess due by the Trust since the NHS Litigation Authority make the majority of payments and recharge the Trust in due course. An associated contingent liability of £39,000 is shown in note 36 (2012/13 £26,000).

Other provisions relate to a potential repayment requirement relating to dental income.

36. Contingencies

	31 March 2014	31 March 2013
	£000s	£000s
Contingent liabilities		
Equal Pay	0	0
Other	(39)	(26)
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	(39)	(26)
Contingent Assets		
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

The contingency reflects the potential liability relating to Employer's liability cases as notified by the NHS Litigation Authority. An associated provision in the Balance Sheet of £85,000 (2012/13 £69,000) is shown in note 35.

37. PFI and LIFT - additional information

Northern Devon Healthcare Trust has one on-SOFP PFI schemes described below. The Trust has no off-SOFP PFI or NHS LIFT schemes.

Tiverton Hospital

On 4 July 2002 Mid Devon Primary Care Trust (a predecessor organisation to NHS Devon PCT) entered into an agreement under the Private Finance.

Initiative (PFI) arrangements for the construction of a new community hospital in Tiverton.

With the cessation of Devon PCT on 31 March 2013, this asset transferred to Northern Devon Healthcare Trust as part of the Transforming Community Service asset transfer at 1 April 2013.

The capital value of the scheme was £9,800,000.

The construction of the hospital was completed on 18 March 2004. From that date the Primary Care Trust (and now the Trust) is committed to a unitary payment of £1,207,300 per annum (subject to annual RPI indexation movement on 1 April each year) for a period of 30 years.

For 2013/14 the unitary payment including variation orders was £1,703,118.

Tiverton Hospital has a net book value of £13,765,277 at the Statement of Financial Position date.

Arrangement :

The contract is for the provision of services for maintenance, domestics and catering for the hospital. The ownership of the equipment between the Trust and the provider is specified in the Agreement. The arrangement works on the basis of 'no hospital, no fee'.

The provision of services is managed through service level agreements which have measurable targets and are subject to regular monitoring.

Terms of Arrangement :

The unitary payment is subject to indexation based on movement in the Retail Prices Index (RPI) All Items (excluding mortgage interest payments).

On the expiry of the term of the contract the Trust can terminate the Agreement without compensation. In the event of re-financing of the PFI the Trust is entitled to 50% of the refinancing cashflow benefits.

Under IFRIC 12, these PFI assets are treated as assets of the Trust the substance of the contract is that the Trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges. Details of the imputed finance lease charges are shown in the tables that follow.

The information below is required by the Department of Health for inclusion in national statutory accounts.

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI	2013-14	2012-13
	£000s	£000s
Total charge to operating expenses in year - OFF SOFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	321	0
Total	321	0

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI

No Later than One Year		
329		
0		
Later than One Year, No Later than Five Years	1,399	0
Later than Five Years	6,395	0
Total	8,123	0

The estimated annual payments in future years are expected to be materially different from those which the Trust is committed to make materially different from those which the Trust is committed to make during the next year. The likely financial effect of this is:

Estimated Capital Value of Project - off SOFP PFI	0	0
Value of Deferred Assets - off SOFP PFI	0	0
Value of Reversionary Interest - off SOFP PFI	0	0

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2013-14	2012-13
	£000s	£000s
No Later than One Year	957	0
Later than One Year, No Later than Five Years	3,624	0
Later than Five Years	13,110	0
Subtotal	17,691	0
Less: Interest Element	(8,792)	0
Total	8,899	0

**Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due
Analysed by when PFI payments are due**

	2013-14	2012-13
	£000s	£000s
No Later than One Year	934	0
Later than One Year, No Later than Five Years	3,331	0
Later than Five Years	9,457	0
Total	13,722	0

Number of on SOFP PFI Contracts

Total Number of on SOFP PFI contracts	1	0
Number of on SOFP PFI contracts which individually have a total commitments value in excess of £500m	0	0

Present Value Imputed "finance lease" obligations for off SOFP PFI contracts due

n/a

Number of off SOFP PFI Contracts

Total Number of off SOFP PFI contracts	0	0
Number of off SOFP PFI contracts which individually have a total commitments value in excess of £500m	0	0

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT

n/a

38. Impact of IFRS treatment - current year

The information below is required by the Department of Health for budget reconciliation purposes

	2013-14 £000s	2012-13 £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)		
Depreciation charges	287	21
Interest Expense	1,040	1
Impairment charge - AME	0	0
Impairment charge - DEL	0	0
Other Expenditure	385	0
Revenue Receivable from subleasing	(629)	0
Impact on PDC dividend payable	0	0
Total IFRS Expenditure (IFRIC12)	1,083	22
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)	(916)	0
Net IFRS change (IFRIC12)	167	22
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12		
Capital expenditure 2013-14	0	0
UK GAAP capital expenditure 2013-14 (Reversionary Interest)	158	0

39. Financial Instruments

39.1 Financial risk management

Financial reporting standard 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 continuing service provider relationship that the NHS Trust has with commissioners and the way those commissioners are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2014 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with primary care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

39.2 Financial Assets

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Available for sale £000s	Total £000s
Embedded derivatives	0			0
Receivables - NHS		5,412		5,412
Receivables - non-NHS		2,022		2,022
Cash at bank and in hand		3,602		3,602
Other financial assets	0	1,341	0	1,341
Total at 31 March 2014	0	12,377	0	12,377
Embedded derivatives	0			0
Receivables - NHS		8,566		8,566
Receivables - non-NHS		3,097		3,097
Cash at bank and in hand		3,786		3,786
Other financial assets	0	1,141	0	1,141
Total at 31 March 2013	0	16,590	0	16,590

39.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
Embedded derivatives	0		0
NHS payables		1,546	1,546
Non-NHS payables		7,361	7,361
Other borrowings		0	0
PFI & finance lease obligations		8,899	8,899
Other financial liabilities	0	1,664	1,664
Total at 31 March 2014	0	19,470	19,470
Embedded derivatives	0		0
NHS payables		6,752	6,752
Non-NHS payables		7,862	7,862
Other borrowings		500	500
PFI & finance lease obligations		17	17
Other financial liabilities	0	1,073	1,073
Total at 31 March 2013	0	16,204	16,204

The financial liabilities consist of the financial element of trade and other payables (Note 28), plus current and non-current borrowings (Note 30).

40. Events after the end of the reporting period

There are no events after the end of the reporting period which need reporting in the accounts

41. Related party transactions

Northern Devon Healthcare NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Northern Devon Healthcare NHS Trust.

The Department of Health is regarded as a related party. During the year Northern Devon Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

NEW Devon CCG	Royal Devon & Exeter NHS Foundation Trust
NHS England and Local Area Teams	South Devon Healthcare Foundation Trust
Kernow CCG	South West Ambulance Service NHS Foundation Trust
NHS South Devon and Torbay CCG	North Bristol NHS Trust
NHS Litigation Authority	Devon Partnership Trust
NHS Supplies Authority	NHS Professionals
NHS Pensions Agency	National Blood Authority

In addition, the trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with:

- Devon County Council in respect of Public Health Services;
- North Devon Council in respect of business rates;
- Inland Revenue in respect of tax and national insurance;
- Customs and Excise in respect of VAT payable/recoverable.

42. Losses and special payments

The total number of losses cases in 2013-14 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	62,821	19
Special payments	52,545	31
Total losses and special payments	<u>115,366</u>	<u>50</u>

The total number of losses cases in 2012-13 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	13,024	19
Special payments	66148	34
Total losses and special payments	<u>79,172</u>	<u>53</u>

43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

43.1 Breakeven performance

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Turnover	77,056	89,547	118,418	128,855	128,509	134,710	211,041	220,680	225,787
Retained surplus/(deficit) for the year	(7,961)	(6,924)	7,602	7,902	(5,086)	(93)	(5,724)	(1,052)	1,141
Adjustment for:									
Timing/non-cash impacting distortions:									
Pre FDL(97)24 Agreements	0	0	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0	0	0	0	0	0	0	0	0
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0	0	0	0	0	0	0	0
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0	0	0	0	0	0	0
Adjustments for impairments					5,086	345	7,328	3,288	1,340
Adjustments for impact of policy change re donated/government grants assets					0	0	92	(53)	(408)
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*							23	22	167
Adsorption Accounting Adjustment								0	0
Other agreed adjustments								0	0
Break-even in-year position	<u>(7,961)</u>	<u>(6,924)</u>	<u>7,602</u>	<u>7,902</u>	<u>0</u>	<u>252</u>	<u>1,719</u>	<u>2,205</u>	<u>2,240</u>
Break-even cumulative position	<u>(8,329)</u>	<u>(15,253)</u>	<u>(7,651)</u>	<u>251</u>	<u>251</u>	<u>503</u>	<u>2,222</u>	<u>4,427</u>	<u>6,667</u>

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS [organisation]'s financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	%	%	%	%	%	%	%	%	%
Turnover	-10.33	-7.73	6.42	6.13	0.00	0.19	0.81	1.00	0.99
Retained surplus/(deficit) for the year	-10.81	-17.03	-6.46	0.19	0.20	0.37	1.05	2.01	2.95
Adjustment for:									

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have not been restated to IFRS and remain on a UK GAAP basis.

43.2 Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

43.3 External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2013-14 £000s		2012-13 £000s
External financing limit (EFL)	1,136		(711)
Cash flow financing	(3,736)	(835)	
Unwinding of Discount Adjustment	0	0	
Finance leases taken out in the year	0	0	
Other capital receipts	0	0	
External financing requirement	<u>(3,736)</u>		(835)
Under/(Over) Spend against EFL	<u>4,872</u>		<u>124</u>

The Trust is permitted to underspend against its EFL

43.4 Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2013-14 £000s		2012-13 £000s
Gross capital expenditure	10,689		8,263
Less: book value of assets disposed of	0		(302)
Less: capital grants	0		0
Less: donations towards the acquisition of non-current assets	(975)		(176)
Charge against the capital resource limit	<u>9,714</u>		<u>7,785</u>
Capital resource limit	<u>9,748</u>		<u>7,801</u>
(Over)/underspend against the capital resource limit	<u>34</u>		<u>16</u>

44. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2014 £000s		31 March 2013 £000s
Third party assets held by the Trust	<u>2</u>		<u>2</u>

45. NHS Charitable Fund

The Trust is corporate trustee for the Northern Devon Healthcare Trust Charitable Fund registered charity 1051463.

The trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the NHS Trust board.

In accordance with IAS1 Presentation of Financial Statements the Trust has reviewed the accounts of its NHS Charitable Fund and deemed it not material to be consolidated within the Trust's own accounts, as the balance of the funds is likely to diminish with the build of the Chemotherapy Unit which has been a major appeal over the last 2 years.

The unaudited Statement of Financial Activities for the charity for the year ended 31 March 2014 is shown below:

	31 March 2014 £000s
Statement of Financial Activities	
Voluntary Income	543
Other Income	326
Total Resources Expended with host NHS Body	(439)
Resources Expended with other NHS Bodies - Trusts	0
Resources Expended with other NHS Bodies -FTs	0
Resources Expended with other NHS Bodies - NHS England	0
Total Resources Expended with other NHS Bodies	0
Resources Expended with Bodies outside the NHS	0
Total Resources Expended	(439)
Net (outgoing)/incoming resources	430
(losses)/gains on revaluation	21
Other fund movements	1
Net movement in Funds for year	452
Transferred from NHS Devon as below	1,016
Overall net movement in funds year on year	1,468

The unaudited Balance Sheet of the charity as at 31 March 2014 is shown below:

	31 March 2014 £000s	31 March 2013 £000s
From Charity's Balance Sheet		
Investments	1,661	760
Other fixed assets	0	0
Total fixed assets	1,661	760
Cash	1,302	762
Other Current Assets	131	77
Current Liabilities	(58)	(31)
Creditors due after one year	0	0
Net assets/liabilities	3,036	1,568
Restricted/Endowment Funds		
Brought forward	144	
Transferred from NHS Devon	393	
Net movement in funds for year	104	
	641	144
Non-Restricted Funds		
Brought forward	1,424	
Transferred from NHS Devon	623	
Net movement in funds for year	348	
	2,395	1,424
Total Charitable Funds	3,036	1,568

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